



**METALO MANUFACTURING INC.  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2023**

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

The following is a discussion of the unaudited interim consolidated financial condition and results of operations of Metalo Manufacturing Inc. (the “Corporation”) for the three and nine months ended March 31, 2023, and 2022, and their related notes which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. This MD&A contains forward-looking statements that are subject to risk factors described in this MD&A. All figures are in Canadian dollars unless otherwise noted. The discussion and analysis within this MD&A are effective May 23, 2023. Additional financial and corporate information relating to the Corporation can be found on the Corporation’s website, [www.metalo.ca](http://www.metalo.ca), or on SEDAR, [www.sedar.com](http://www.sedar.com).

The Corporation’s principal asset is a 43.92% shareholding in Grand River Ironsands Incorporated (“GRI”), a private company incorporated in Nova Scotia. GRI owns 90% of Labrador Sands Inc. (“LSI”), a private corporation incorporated in Newfoundland and Labrador 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 (“PFL”), a Federal corporation based in Québec established to construct an iron smelting plant to produce green pig iron.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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

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

## CORPORATE OVERVIEW

The Corporation is the largest and controlling shareholder in GRI which owns 100% of PFL and 90% of LSI. These investments have the basis for economic benefit. They are large projects requiring development capital that has been challenging to secure, especially over the past 30 months (COVID). To date, more than \$50 million has been invested in risk capital to advance the collection of opportunities. The efforts to meet evolving market requirements required adjustments to the business model on the path to secure a solution of value in the market including the capital required. The collective development teams have pursued shaping the business models to meet market requirements for viable operations and then attracting the required funding.

The corporate objective remains intact.

1. Build a pig iron smelter (Pure Fonte Ltée) to produce 425,000-800,000 tonnes annually for steel mills.
2. Advance the known science of mineral sands (Labrador Sands Inc) to mine, process, and market the various sand products.

The overriding goal is generating sufficient cash flows to allow the business models to advance. This matter continues to be actively addressed. Establishing arm's length partners to assist independently with this goal is being pursued including discussions with potential and ideally one major partner in developing the pig iron project.

To accomplish the corporate objective requires a broader redevelopment effort to the means to accomplish the end goal, more so for the sands. This includes establishing nearer-term cash flows to allow the time for the corporate objective to be met, including separate entities directly and indirectly controlled by the Corporation. The end goal remains solid, the path to the end goal is what drives this new approach.

The management teams continue to respond to address the solutions and the challenges. This created the need for an evolving business model that resulted in a range of development paths. Equally, it yielded opportunities, that while consistent with the model of advancing a pig iron project and the development of sands, require change. A solution is sought by exploiting related development and revenue-generating paths contained in the broader objective.

What started as a mineral sands resource in Labrador in 2010 drove the need to overcome the challenges of a large-scale mining operation with a limited season for shipping and constraints on resources (electricity, labour, etc.) to then focus on using the sands for production targets. The target then became using the iron ore in the sands to make a product identified by market requirements known as pig iron. Years later in the development, the pig iron plant in Labrador became constrained when the supply of electricity, which was the basis for consideration for making pig iron, would not be available in the quantities required.

The focus then shifted to making pig iron closer to a low-cost supply of abundant electricity using iron ore from the merchant market. After two years of investigation into the optimal location, measuring many key inputs, a location was selected that became the basis for building the pig iron plant. During this period, market forces continued to evolve to a further need to adjust the planned pig iron solution to be focused on lowering the CO2 emissions as this became a newly emerging cost centre – paying the penalties for CO2 emissions. This required the company to re-focus on changes to the pig iron technology with much lower CO2 emissions. The result is a model of economic viability, however, requiring a larger capital investment. Since 2018, management has continued to work with capital sources, including off-takers (mills and traders) to establish a solution that meets the requirements to conclude a focused development path. Management remains of the view this remains of interest to the market. This by no means mitigates the risk associated with building a large smelting plant in Canada. Markets remain cautious.

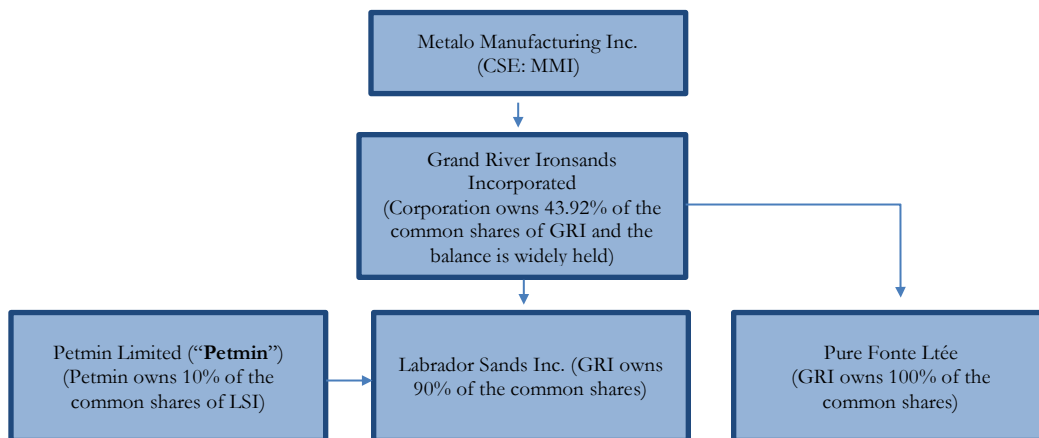
Concurrently, the development team was able to focus on what could be done with the mineral sands resource and its considerable investment in developing the sands and the extensive data from drilling more than 1,000 drill targets in Labrador – the result from two separate testing and assessment efforts was to focus on the most abundant minerals in the resource being the feldspars (used for ceramics) and silica sands (used for glass making). This became the target and the focus for the development of the sands. To date, there is interest in using the mineral sands by one firm to make sanitaryware and that is being pursued. As well, several discussions continue in making glass products with the sands including making silicon carbide (SiC) a product with many traditional uses for abrasives, refractory (making kiln bricks), metallurgically (to strengthen steel, aluminum, etc.), and several emerging uses. The newer uses include SiC being referred to as the next generation of silicon in making micro-processing wafers. As well, many firms globally stated SiC is a preferred material for 3D printing (Advanced Manufacturing) for making components for the military, aerospace, energy, automotive, etc. This remains a mid-term target of interest as the sands of Labrador meet the specifications. What needed to be resolved was finding the critical carbon source, using the conventionally used pet coke and coal would not see a permit granted. The development group focused on making SiC with biochar along with clean electricity. GRI reached out to a team to begin establishing the production of biochar for its future and planned use in Nova Scotia.

These opportunities, while ambitious, have a broader requirement beyond available corporate resources, human and financial, of GRI and the related companies. A request to different groups was directed to assist with solving these opportunities. The focus for GRI and MMI is to gravitate to the ones that first can generate sustaining cash flows, tied to benefiting the mineral sands resource, and allowing the primary targets of mining and making pig iron to be advanced as the market allowed. The conviction to the business model remains intact as stated, what is unknown is the timing.

So, the corporate model:

1. In the absence of having sufficient resources to allow the major projects to continue to advance, establish entities (direct and indirect) tied to the resource that will generate cash to proceed.
2. Assessing with related and unrelated entities the path to meet the overall objective.
3. Testing on the sands reveals an opportunity for MMI to encourage, directly or indirectly, a plant for 3D printing sand cast molds for foundries and other firms seeking molds and cores.
4. To make silicon carbide would require 25,000 tonnes per year, with the proven application, of its silica sand. Equally, encourage the separate development of a plant capable of producing biochar for the testing requirements to make the silicon carbide as well as the commercial levels required for production. A nearer-term and a smaller quantity of precise specifications for the biochar is required, and equally a volume of biochar for the SiC plant in a forecasted two years. Building a SiC production plant without a dedicated source of biochar supply is not optimal for financing. MMI expects to see a benefit from the creation of this new and separate entity in exchange for its planned need for biochar and end customer – essentially an off-take undertaking.

The following chart displays the corporate structure and ownership structure.



The two advanced projects controlled indirectly by the Corporation have a consistent corporate focus remaining on maximizing the reduction of CO<sub>2</sub> emissions and being a leader in climate change solutions. The core focus for all project companies is to have a unique position in manufacturing sectors, led by being a leader in near-zero to low CO<sub>2</sub> emissions in the production process.

1. PFL – the pig plant for Québec – a 96% pure iron product needed by Steel Mills with Electric Arc Furnaces:
  - The focus of the technology remains to be the lowest emitter of CO<sub>2</sub> per tonne of pig iron globally. The plant design allows expansion to increase in size from 425,000 tonnes per annum to 800,000 tpa. Additionally, the plant is hydrogen-ready, allowing the plant to be converted to making a green pig iron or green steel while keeping the same basic layout intact. “Green” is defined as eliminating approximately 95% of CO<sub>2</sub> emissions.
  - Off-take interest remains strong. Pig iron is a necessary product for steel mills and even the US primarily relies on Brazil, India, Vietnam, etc. now that Ukraine and Russia are offline.
2. LSI – the mineral sands in Labrador:
  - Using the mineral sands of Labrador to produce products that Canada imports nearly 100% annually (\$4B). The value of the sands is not simply exporting minerals, however, using the proven grades of the minerals to make defined products. LSI will mine and sell the sands to joint ventures with established/known operators in the targeted areas of interest.
  - LSI is advancing on supplying sands for at least three project opportunities:

- The development efforts to supply 25,000 tonnes of silica per year to a project producing silicon carbide.
- To supply silica sands for a 3D printing centre for sand cast molds for foundries, cement firms, etc.
- LSI will mine precisely the volume of sand to feed the production plants that LSI will supply/sell the raw materials. The estimated 100,000-200,000 tonnes of minerals will be mined and processed at a site near the port in Happy Valley-Goose Bay, NL before being shipped to a market in a nearby Canadian Province. It is expected the resource extraction will come from a 2–3-acre parcel of land in size annually.
- The goal for a glassmaking and ceramic production plant will be based on using all-electric melters/kilns/furnaces to make products with near-zero CO<sub>2</sub> emissions.
- Glassmaking – Discussions have been initiated with potential joint ventures for the use of the silica sands including glass containers and silicon carbide. LSI has secured an all-electric solution with an established European glass melting technology provider.
- Canada imports almost all its glass and ceramic products from the USA, China, Mexico, etc.

Positive discussions about the capital required for both projects continue. By eliminating or significantly reducing CO<sub>2</sub>, the range of financing interest has broadened considerably. Additionally, off-take dialogue with traders remains encouraging. The development cycle has been challenging over the past two years, with additional capital, the focus will be on closing opportunities for supply relationships.

## OVERVIEW OF LSI

Mineral claim deposits are licenses held by LSI with the Province of Newfoundland and Labrador with renewals for a five-year time frame completed. LSI's mineral claims are in central Labrador immediately to the west and the north side of the Churchill River. The claims extend west of Muskrat Falls along the lower Churchill River to the Hamilton Inlet. 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. LSI continues to revisit its mineral sand resource claims, including where previous work was completed, for economic viability.

LSI has undertaken a major review of all claims with a view to only maintain those claims that are critical to the mining operation and to reduce carrying costs and future work commitments. As of the date of the MD&A, the Corporation has injected the prescribed amount of exploration expenditures into the remaining mineral claims. Discussions with the Province and its related entities continue regarding areas in each claim that will be removed due to a transmission line and other structures established after LSI opened its mineral claims. LSI maintains more than \$20 million has been invested directly and indirectly for the development efforts related to the lands and the related uses for the minerals. LSI Mineral Claim Number 017911M was allowed to expire due to allow LSI to focus on its higher priority claims.

### LSI Mineral Claims

Claim Number	# of claims	Issued	Status	Renewal Date	NTS Map
017907M	23	2010-08-23	Active	2025-08-25	13F07
018325M	114	2011-01-06	Active	2026-01-06	13F02,13F03

### Historical

On June 17, 2014, the Corporation filed on SEDAR NI 43-101 highlighting resource estimates from three major mineral blocks contained within the Corporation's Labrador mineral claims, together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The NI 43-101 was prepared by SRK Consulting (Canada) Inc. Please refer to the NI 43-101 document for detailed resource estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation.

In 2015, LSI 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, LSI decided to abandon further evaluation of the iron interests to pursue accessory minerals only. The primary minerals of interest are feldspars at 45-50% of the head feed and silica quartz at 18-22% of the head feed. The minerals have value for many requirements including ceramics, glass making, fiberglass, silicon carbide, foundry product, etc. LSI 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. It is fully expected LSI will adjust the claim blocks and locations with proven drill data as the supply opportunities of raw materials become more advanced.

In determining the recoverable amount of the resource properties, LSI has made estimates regarding the number 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, LSI believes the carrying amount to be recoverable. Given the uncertainty associated with each of the above assumptions, it is reasonably possible that outcomes that differ from these assumptions could require a material adjustment to the carrying amount of the resource properties in the future.

LSI plans to revisit the viability of the mineral sands from an economic, market, permitting, and economic development opportunity for the community and Province of Newfoundland and Labrador. Other considerations will include access to the required electricity and labour as well as the future direction for the port in the local area to accommodate increased traffic. Equally important will be the support of the Innu First Nations and other aboriginal communities and residents.

## OVERVIEW OF PFL

Management of PFL still firmly believes the opportunity to produce pig iron is genuine and has a viable role. Market research validates a need. The US, for example, imported more than 6 million tonnes in 2020 and 2021: the year-end for 2022 was over 5 million tonnes. Capital market interests remain cautious on start-ups and even more so on US\$400-680M start-ups. Project metrics, on a monthly updating of the financial model, indicate a levered IRR of more than 50%. This is a solid yielding opportunity, perhaps not meeting the target thresholds of investors seeking higher annual returns. Management remains in regular contact with key principals for the plant – from technology to product off-take.

GRI has invested substantial funds (more than an estimated C\$30 million for the iron-making solution) in measures to solve and prove the economic viability and to develop a bankable feasibility study (the “BFS”) related to the planned construction of the iron/steel smelter. This included site selection, preliminary environmental assessment and permitting, process design, engineering, and logistics. Approximately \$2.9 million was capitalized through PFL as project development costs with an additional \$3 million in other development expenditures related to a Québec location.

PFL continues to advance its efforts to develop the iron-making smelter. This plant will be a specialized producer in North America of pig iron products with the lowest CO<sub>2</sub> emissions globally and has been designed to provide a new standard for environmental emissions and stewardship. As well, it will be strategically located to provide a competitive advantage in both access to raw materials as well as access to markets in North America and Europe.

The BFS was independently completed for the US\$408 million (US\$475M Covid adjusted pricing) pig iron manufacturing plant for a Québec site, subject to cost adjustments since 2018. The environmental assessment work in Québec, at PFL’s choice, was placed on hold in 2019 until greater visibility on the precise product mix for the market. PFL is currently working to update its models (financial and technical) for its assessment of replacing natural gas with hydrogen to make a green final product. The most recent modelling including a plant producing 800,000 tonnes per year (vs 425,000) of pig iron for a projected capital cost of US\$680 million (versus US\$475 million)

The key goals for the initial iron smelting initiative for the next several months will be to; (i) complete the permitting process; (ii) update the BFS for the chosen site; (iii) review the project economics and complete and publish an economic assessment; (iv) assess the interest of strategic partners for partnering, off-take, and other possible business arrangements; and (v) initiate a capital raise campaign and other corporate-related requirements with all partners to the project.

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

## FINANCIAL SUMMARY

The unaudited interim consolidated financial statements for the three and nine months ended March 31, 2023, include all the accounts of the Corporation, GRI, LSI, PFL, and Forks Specialty Metals Inc. (“FSM”) (refer to legal proceedings below as regards FSM).

The following discussion addresses the operating results and financial condition of the Corporation for the three and nine months ended March 31, 2023. This management 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, 2022, and the related notes thereto, as well as a reference to the forward-looking statements within this report. All results in this report are presented in Canadian dollars unless otherwise indicated.

## HIGHLIGHTS

The following is a summary of the major financial highlights for the three months and nine months ended March 31, 2023 (including subsequent events).

- On July 30, 2022, GRI executed a promissory note payable on demand in favour of a related party in the amount of \$15,000 bearing fixed interest at 10% per annum, with interest accruing monthly.
- On August 2, 2022, the Corporation issued 171,875 common shares to a related party. This represents interest due August 1, 2022, in the aggregate amount of \$25,000 on a convertible debenture and was made at a deemed price of \$0.14545 per share, which is the volume-weighted trading price for the 20 trading days ended July 4, 2022. The securities are subject to a four-month hold period following the date of issuance.
- On September 7, 2022, LSI executed a promissory note payable on demand with a related party in the amount of \$8,000 bearing fixed interest of 10%, with interest accruing monthly.
- On October 27, 2022, GRI executed a promissory note payable on demand in favour of a related party in the amount of \$7,500 bearing fixed interest at 10% per annum, with interest accruing monthly.
- On November 1, 2022, the Corporation issued 277,778 common shares to FLH. This represents interest due November 1, 2022, in the aggregate amount of \$25,000 on a convertible debenture and was made at a deemed price of \$0.09 per share, which is the volume-weighted trading price for the 20 trading days ended October 3, 2022. The securities are subject to a four-month hold period following the date of issuance.
- On February 1, 2023, the Corporation issued 284,539 common shares to FLH. This represents interest due February 1, 2023, in the aggregate amount of \$25,000 on a convertible debenture and was made at a deemed price of \$0.879 per share, which is the volume-weighted trading price for the 20 trading days ended January 3, 2023. The securities are subject to a four-month hold period following the date of issuance.
- On May 1, 2023, the Corporation issued 323,728 common shares to FLH. This represents interest due May 1, 2023, in the aggregate amount of \$25,000 on a convertible debenture and was made at a deemed price of \$0.0772 per share, which is the volume-weighted trading price for the 20 trading days ending April 5, 2023. 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 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 Under noted' 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 purpose. 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		Nine Months ended	
	March 31-23	March 31-22	March 31-23	March 31-22
	\$'s	\$'s	\$'s	\$'s
Revenue	-	-	-	-
Expenses				
Utilities	284	1,050	3,406	4,063
Dues and fees	3,170	2,829	19,212	23,641
Foreign exchange losses	(445)	(1,398)	7,406	1,853
General and administrative	1,388	881	4,427	8,123
Management and consulting fees	28,700	53,400	132,700	165,400
Professional fees	26,500	17,250	71,708	42,098
Rental	-	960	1,660	2,880
Travel	86	1,992	2,995	4,318
Salaries and wages	33,727	30,202	102,449	85,238
<b>Consolidated operating loss before under noted</b>	<b>(93,410)</b>	<b>(107,166)</b>	<b>(345,963)</b>	<b>(337,614)</b>
Amortization	(836)	(955)	(2,729)	(2,864)
Interest including accretion	(342,925)	(234,313)	(1,017,198)	(724,999)
Gain on modification of debt	-	-	-	27,500
Gain (loss) on investments	-	-	-	(161)
<b>Net Income (loss)</b>	<b>(437,171)</b>	<b>(342,434)</b>	<b>(1,365,890)</b>	<b>(1,038,138)</b>
Non-controlling interest	(111,159)	(92,785)	(362,910)	(313,439)
<b>Comprehensive income (loss) attributable to MMI</b>	<b>(326,012)</b>	<b>(249,649)</b>	<b>(1,002,980)</b>	<b>(724,699)</b>
Income (Loss) per share	(0.016)	(0.013)	(0.049)	(0.037)
<b>Avg. Weighted Shares O/S</b>	<b>20,456,158</b>	<b>19,603,262</b>	<b>20,456,158</b>	<b>19,603,262</b>

For the nine months that ended March 31, 2023, the consolidated operating loss before interest, amortization, and other unusual items was (\$345,963) compared to a loss of (\$337,614) for the prior year. For the nine months ended March 31, 2023, the comprehensive loss attributed to the Corporation's shareholders was (\$1,002,980) and (\$0.049) per share compared to a loss of (\$724,699) and (\$0.037) per share for the prior year.

### Interest and accretion expense

For the nine months ended March 31, 2023, the Corporation had an interest and accretion expense of \$1,017,198 compared to interest and accretion expense of \$724,999 in 2022.

### Additional explanations

#### Revenue

The Corporation does not expect any revenues in the immediate future from its principal line of business, its indirect interests in the production of cast iron, or sales of mineral sands.

## Selected Quarterly Financial Data

The following table reports the operating results for the last eight quarters.

Selected Quarterly Financial Data								
	31-Mar 2023	31-Dec 2022	30-Sep 2022	30-Jun 2022	31-Mar 2022	31-Dec 2021	30-Sep 2021	30-Jun 2021
Expenses								
Utilities	284	1,888	1,234	8,022	1,050	1,996	1,017	360
Dues and fees	3,170	10,736	5,306	3,990	2,829	17,228	3,584	3,650
Foreign exchange losses	(445)	(2,971)	10,822	3,264	(1,398)	80	3,171	(2,005)
General and administrative	1,388	2,302	736	4,028	881	6,502	739	1,578
Management fees	28,700	53,750	50,250	54,450	53,400	59,250	52,750	34,400
Professional fees	26,500	31,608	13,600	65,732	17,250	6,461	18,387	24,451
Rental	0	660	1000	960	960	960	960	960
Travel	86	655	2,254	39,762	1,992	1,041	1,285	1,133
Salaries and wages	33,727	34,522	34,200	34,196	30,202	27,880	27,156	24,683
<b>Operating (loss) income before under noted</b>	<b>(93,410)</b>	<b>(133,151)</b>	<b>(119,402)</b>	<b>(214,404)</b>	<b>(107,166)</b>	<b>(121,399)</b>	<b>(109,049)</b>	<b>(89,210)</b>
Amortization	(836)	(939)	(954)	(955)	(955)	(954)	(955)	(955)
Interest expense including accretion	(342,925)	(336,410)	(337,863)	(259,672)	(234,313)	(240,973)	(249,713)	(276,204)
Government assistance benefit	-	-	-	57,525	-	-	-	(263)
Gain on modification of debt instruments	-	-	-	32,000	-	27,500	-	60,464
Gain (loss) on investments	-	-	-	-	-	-	(161)	(1,668)
<b>Consolidated Income (Loss)</b>	<b>(437,171)</b>	<b>(470,500)</b>	<b>(458,219)</b>	<b>(385,506)</b>	<b>(342,434)</b>	<b>(355,826)</b>	<b>(359,878)</b>	<b>(307,836)</b>
Non-controlling interest	(111,159)	(120,768)	(130,983)	(213,559)	(92,785)	(109,894)	(110,850)	(159,428)
<b>Comprehensive Income (Loss)</b>	<b>(326,012)</b>	<b>(349,732)</b>	<b>(327,236)</b>	<b>(171,947)</b>	<b>(249,649)</b>	<b>(226,022)</b>	<b>(249,028)</b>	<b>(148,408)</b>
Income (Loss) per share	(\$0.016)	(\$0.017)	(\$0.016)	(\$0.009)	(\$0.013)	(\$0.012)	(\$0.013)	(\$0.008)
<b>Avg. Weighted Shares O/S</b>	<b>20,456,158</b>	<b>20,187,431</b>	<b>19,944,579</b>	<b>19,769,025</b>	<b>19,603,262</b>	<b>19,513,396</b>	<b>19,416,561</b>	<b>19,043,155</b>

## Segmented Information

The Corporation's Board of Directors monitors the operating results of its business segments separately to make decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Corporation's income taxes are monitored on a consolidated level and are not allocated to operating segments. The segments are managed on a worldwide basis but operate in one principal geographical area, namely, Canada. Segment assets are based on the geographical location of the assets.

	Corporate		Labrador Sands		Pure Fonte		Total	
	31/Mar/23	31/Mar/22	31/Mar/23	31/Mar/22	31/Mar/23	31/Mar/22	31/Mar/23	31/Mar/22
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue - intersegment	-	-	-	-	-	-	-	-
Operating expenses	(326,980)	(253,493)	(7,008)	(62,021)	(11,975)	(22,100)	(345,963)	(337,614)
Depreciation and Amortization	(798)	(798)	(1,931)	(2,066)	-	-	(2,729)	(2,864)
Interest and bank charges	(772,854)	(582,618)	(18,355)	(15,886)	(29,413)	(28,459)	(820,622)	(626,963)
Interest accretion	(163,760)	(64,960)	(28,327)	(27,003)	(4,490)	(6,073)	(196,576)	(98,036)
Gain on modification of debt	-	27,500	-	-	-	-	-	27,500
Loss on investments	-	(161)	-	-	-	-	-	(161)
	(1,264,392)	(874,530)	(55,622)	(106,976)	(45,878)	(56,632)	(1,365,890)	(1,038,138)
Segment income (loss) before taxes	(1,264,392)	(874,530)	(55,622)	(106,976)	(45,878)	(56,632)	(1,365,890)	(1,038,138)
Total assets	7,993	55,852	4,400	45,226	1,464,437	1,524,983	1,476,830	1,525,720
Total liabilities	12,028,416	9,865,785	587,137	615,743	870,156	791,946	13,485,709	12,408,702



## Selected Consolidated Financial Information

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

Selected Consolidated Balance Sheet Items			
	Year to Date March 31, 2023	Year End June 30, 2022	Year End June 30, 2021
	\$'s	\$'s	\$'s
Cash	8,555	56,874	47,705
Other receivables	2,133	19,177	4,842
Investment and loan receivable	-	-	806
Project development costs	1,462,322	1,462,322	1,462,322
Property and equipment	3,820	6,549	10,368
Accounts Payable	(1,413,891)	(1,038,282)	(961,822)
Short Term Loans	(9,885,542)	(9,228,303)	(6,812,819)
Long term debt	(2,185,276)	(1,995,326)	(3,671,246)
Shareholders' deficiency	(5,109,546)	(4,181,566)	(3,818,634)
Shareholders' deficiency associated with Non controlling interests	(6,898,333)	(6,535,423)	(6,101,210)

### Change in accounting policy

During the year ended June 30, 2021, the Corporation voluntarily changed its accounting policy regarding exploration and evaluation expenditures. The new accounting policy indicates that all such expenditures will be recognized as incurred in the consolidated statement of loss and comprehensive loss. The Corporation has determined that this voluntary change in accounting policy will provide more relevant consolidated financial statements while bringing the Corporation in line with its peers with a similar accounting approach. The change in accounting policy was applied retrospectively and the comparable information was adjusted for all periods presented, as if the policy had always been in place.

### Account and Other Receivables

This principally consists of HST receivable and cost recovery receivable.

### Resource Properties

LSI'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.

### Project development costs

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

	31/Mar/23	31/Mar/22
	\$	\$
Balance, beginning and end of period	1,462,322	1,462,322

## Property and Equipment

Description	Cost			Accumulated Depreciation			Net Book	Net Book
	Balance 30-Jun-22	Additions	Balance 31-Mar-23	Balance 30-Jun-22	Depreciation	Balance 31-Mar-23	Value 30-Jun-22	Value 31-Mar-23
Computer hardware	3,250	-	3,250	2,791	446	3,237	459	13
Industrial Equipment	18,751	-	18,751	12,751	2,250	15,001	6,000	3,750
Office furniture and equipment	282	-	282	192	33	225	90	57
	<b>22,283</b>	<b>-</b>	<b>22,283</b>	<b>15,734</b>	<b>2,729</b>	<b>18,463</b>	<b>6,549</b>	<b>3,820</b>

## Accounts Payable

The accounts payable balance on March 31, 2023, was \$1,413,891 (2022- \$919,677)

## Short-Term Loans (refer to Note 5 of the consolidated financial statements)

On August 25, 2016, GRI borrowed \$250,000 from a third party for 90 days with interest at 6% per annum, accruing monthly, plus 50,000 common share purchase warrants (note 8) exercisable on or before August 25, 2019, at an exercise price of \$0.01 per share. During the year ended June 30, 2021, the repayment date in the original loan agreement was extended to December 31, 2022, and the warrant expiry date was extended to December 31, 2022. On March 3, 2023, the repayment date was extended to December 31, 2023, and the warranty date was extended to December 31, 2023. Including accrued interest, the balance outstanding as of March 31, 2023, totalled \$370,943.

On August 31, 2017, GRI received from a related party, a loan of \$2,000,000 bearing interest at 12% per annum. On June 30, 2022, the agreement was terminated and replaced by a promissory note, including accrued interest, in the amount of \$3,160,669. The promissory note carries a 12% fixed interest rate and is due on demand. Including accrued interest, the balance outstanding at March 31, 2023, totalled \$3,457,057.

On July 5, 2018, an unsecured loan in the amount of \$621,000 was provided to PFL by a third party. The loan bears interest at a rate of 5% per annum and matures three years from the date of receipt. During the year ended June 30, 2022, the maturity date was extended to July 5, 2022. The interest shall accrue and will be capitalized to the end of the term. The principal and accumulated interest can be converted into shares at the option of the holder discounted by 25%. The loan can be paid in advance; however, is subject to a 15% penalty. Including accrued interest, the balance outstanding at March 31, 2023, totalled \$756,432. The Corporation is currently in negotiation with the lender to further extend the maturity date of this loan.

GRI had entered into a loan agreement on September 29, 2016, (as amended) with a related party and borrowed in aggregate \$2,369,000 with an interest rate of 6% per annum accruing monthly. On June 29, 2022, the loan was increased by \$60,000. On June 30, 2022, the loan agreement was terminated and replaced by a promissory note in the amount of \$2,429,00. The new promissory note included a fixed interest rate of 10%, with the promissory note being due on demand. On July 28, 2022, an additional \$15,000 was advanced. On October 27, 2022, an additional \$7,500 was advanced. Including accrued interest, the balance outstanding as of March 31, 2023 totalled \$3,630,399.

During the years ended June 30, 2021, and 2022, LSI received short-term loans from a related party bearing interest at 10% per annum, with interest accruing monthly. On June 30, 2022, these loans were terminated, and a new replacement promissory note in the amount of \$139,966 was issued. The promissory note carries a 10% fixed interest rate and is due on demand. On September 7, 2022, LSI received another loan advance of \$8,000. Including accrued interest, the balance outstanding as of March 31, 2023, totalled \$159,291.

On April 16, 2020, the Corporation received from a third party, a one-year loan of \$1,000,000 bearing interest at 10% per annum payable monthly with interest payments of \$8,333. The loan agreement included the issuance of 100,000 warrants (note 8), which expired on April 16, 2022. On April 16, 2021, the loan maturity date was extended to October 16, 2021. In consideration of the extension, the Corporation issued to the lender 50,000 share purchase warrants entitling the holder to purchase one common share for each warrant exercised at an exercise price of \$0.15 per share for a period of two years. On December 22, 2021, the loan maturity date was further extended to April 16, 2022. In consideration of this extension, the Corporation increased the interest rate from 10% to 12% and issued an additional 50,000 share

purchase warrants entitling the holder to purchase one common share for each warrant exercised at an exercise price of \$0.175 per share for a period of 2 years. On May 18, 2022, the loan maturity date was further extended to October 16, 2022. In consideration of this extension, the Corporation issued to the lender 50,000 share purchase warrants entitling the holder to purchase one common share for each warrant exercised at an exercise price of \$0.16 per share for a period of two years. The terms of an additional extension are in negotiations and the loan is in arrears.

On October 28, 2021, GRI received from a third party a one-year term loan of \$100,000 bearing interest at 8% per annum, with interest accruing monthly. The expiry date was October 28, 2022. Including accrued interest, the balance outstanding at March 31, 2023, totalled \$111,421.

On November 2, 2021, the Corporation completed a non-brokered private placement of an unsecured convertible debenture for \$400,000 with a related party. The maturity date of the debenture is November 2, 2022, and bears interest at a rate of 12% per annum payable monthly. An extension to the maturity date is being negotiated. The debenture is convertible, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. The conversion price will be \$0.55 per common share. In addition, warrants to purchase 40,000 shares of the Corporation were granted at an exercise price of \$0.55 per share with an expiry date of November 2, 2023 (note 8). During the year ended June 30, 2022, on initial recognition, any equity component of \$26,500 was recognized directly within equity, which is the residual value of the convertible debenture instrument after the recognition of the liability component at fair value. The liability component will be accreted to face over time and the loan is in arrears.

## LIQUIDITY AND CAPITAL RESOURCES

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

On May 23, 2023, the Corporation has cash on hand of approximately \$10,000 and a working capital deficiency of approximately \$11,500,000. The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing business efforts. These uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern. Management plans to raise additional debt and/or equity financing 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, which 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 (refer to note 6 of the consolidated financial statements)

On May 1, 2015, the Corporation completed a non-brokered private placement of an unsecured convertible debenture for proceeds of \$2,000,000 with a related party. The debenture maturity date was subsequently extended to August 24, 2021, during the year, and bore interest at 5% per annum payable quarterly. On June 30, 2022, the convertible debenture was amended to extend the maturity date to August 1, 2024 (the Amended Debenture). The Amended debenture are convertible at \$1.00 per common share, at the option of the holder, into common shares of the Corporation on or prior to the maturity date. At the option of the Corporation, quarterly interest may be converted into common shares of the Corporation at a conversion price equal to the volume-weighted average trading price of the shares for the 20 consecutive trading days ending on the fifth trading day preceding the determination date. The determination date is 15 business days prior to the payment date. During the year ended June 30, 2022, given the original convertible debenture had reached maturity, the Amended Debenture was considered a new instrument. On initial recognition, a discount of \$495,000 was recognized within equity given the terms of the Amended Debenture was considered below market terms. In addition, an equity component of \$5,000 was recognized directly within equity, which is the residual value of the convertible debenture instrument after the recognition of the liability component at fair value. The liability component will accrete to the face value over time.

In fiscal 2012, LSI received an interest-free repayable loan from ACOA, a government agency, in the amount of \$500,000 related to resource properties. The loan is repayable in five annual equal and consecutive installments commencing six 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, 2024, and repayments

will commence in December 2024. During the year ended June 30, 2022, a gain, due to modification of the timing of future cash flows, of \$32,000 was recognized.

During the years ended June 30, 2022, and 2021, GRI, MMI, PFL, and LSI received respective interest-free loans of \$60,000 each, pursuant to the terms of the Canada Emergency Business Account (CEBA). These loans were created by the federal government to assist businesses during the COVID-19 pandemic. \$20,000 of the individual loans are forgivable if the loan is repaid on or before December 31, 2023. If the loan is not repaid by that date, the loan can be converted to a two-year term loan bearing interest of 5% per annum. During the years ended June 30, 2022, and 2021, a government assistance benefit of \$57,525 (2021-\$47,536) was recognized.

## Share Capital

A summary of the Corporation's common shares outstanding as of March 31, 2023.

<b>COMMON STOCK OUTSTANDING</b>	Number of Shares	Amount
	#	\$
Authorized: Unlimited number of common shares without par value		
Issued and outstanding June 30, 2021	19,524,026	9,487,978
Issued in payment of interest	526,400	100,000
Issued and outstanding June 30, 2022	20,050,426	9,587,978
Issued in payment of interest	734,192	75,000
Issued and outstanding March 31, 2023	20,784,618	9,662,978
<b>Weighted average issued and outstanding - 20,456,158 (2022 - 19,603,262)</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 to be a maximum of 20% of the issued and outstanding shares, as of the record date, by 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 4,156,924 options, 20% of 20,784,618 shares outstanding on March 31, 2023, (2022- 3,450,203 options) common shares under the stock option plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan. On December 6, 2023, 815,000 options issued will expire if not exercised; on December 8, 2024, 405,000 options will expire if not exercised; and, on May 18, 2027, 40,000 options will expire if not exercised. 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 are recognized over the related service period.

During the nine- month period March 31, 2023, there was no change to the options. The Corporation will revisit the issuance of options under the approved plan in 2023. The Corporation used the Black-Scholes model to measure its stock options on initial issuance. The fair value of the options issued during the nine-month period was \$nil

Options Outstanding and Exercisable			
Number of options outstanding	Expiry Date	Exercise Price \$	Number of options exercisable
815,000	6/Dec/2023	0.85	815,000
405,000	8/Dec/2024	0.75	405,000
40,000	18/May/2027	0.16	40,000
<b>1,260,000</b>		<b>0.587</b>	<b>1,260,000</b>

### Grand River Ironsands Incorporated Stock Options and Warrants

The Board of Directors of GRI has established a stock option plan under which options to purchase common shares are granted to directors, officers, 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.

GRI has reserved 2,376,933 (2022- 2,376,933) common shares pursuant to the stock option plan. There are nil (2022-150,000) options to acquire common share outstanding under the plan as at September 30, 2022. There were no additional GRI stock options issued during the period.

There are nil (2022-150,000) options to acquire common shares outstanding under the plan as of March 31, 2023. Any unexercised options that expire or are forfeited become available again for issuance under the plan. There were no GRI stock options issued during the period.

## 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 annual audited consolidated financial statements.

### Basis of Presentation and Going Concern

The audited annual consolidated financial statements have been prepared by 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 audited annual 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 economically recoverable ore reserves. The recoverability of amounts shown for mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the subsidiary's interest in the underlying mining claims, the ability of the Corporation and its subsidiaries to obtain necessary financing from shareholders, investors, and lenders to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Corporation has had recurring negative cash flows from operations and will require additional financing to fund its continuing exploration efforts. These matters and conditions indicate a material uncertainty regarding 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

favourable to the Corporation. These consolidated financial statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material.

### **Critical Accounting Estimates**

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

### **RISK FACTORS**

#### *Limited Business History*

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

#### *Property Commitments*

The property of LSI 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 First Nation. Failure by GRI and LSI to meet their payment obligations or otherwise fulfill their 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 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 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 resource estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation. Ultimately, even if the Corporation has succeeded in identifying mineral resources on any properties it may acquire, the economics of potential projects may be affected by many factors beyond its 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 the costs of an operation which, if significant enough, could reduce or eliminate the profitability of a particular project.

#### *Properties Remote*

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



### ***Operational Risks***

The Corporation shall be subject to several 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, the 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 are 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 that 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 concerning 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 several 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 the 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 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.

### *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 the completion of the Proposed Transactions.

### *Legal Proceedings*

On December 28, 2017, FSM, a wholly owned subsidiary of GRI, filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of Pennsylvania. The bankruptcy proceedings are on hold pending the result of an adversary complaint filed on February 8, 2019, in the United States Bankruptcy Court for the Eastern District of Pennsylvania by the trustee for the estate of Forks against the Corporation, GRI, LSI, and Francis MacKenzie (collectively, the "Defendants"). The trustee is alleging that the Defendants are responsible for the debts of FMS. The Defendants maintain that the suit has no merit and have retained local counsel to defend its position. Several motions have been filed and the matter is ongoing.

On November 12, 2020, the Court issued an order requiring the Plaintiff to submit an amended complaint within 30 days that complies with the requirements imposed by Federal Rules of Civil Procedure 8 and 10(b), including setting forth separate counts against the separate Defendants, with any count asserted against all Defendants so stating. The Court also ordered it has personal jurisdiction over Defendant Francis MacKenzie.

Plaintiff filed an amended complaint on December 10, 2020, and counsel to the Defendants filed its response on January 12, 2021. The Motion to Dismiss the Trustee's amended complaint was heard on February 24, 2021, and the Judge has not rendered a decision yet. The Defendants maintain that the suit has no merit and are vigorously defending themselves. The matter is ongoing.

### Market for Securities

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

12 Months Trading Data				
Month	High	Low	Close	Volume
4/30/2022	0.220	0.150	0.160	69,400
5/31/2022	0.160	0.110	0.130	2,499
6/30/2022	0.160	0.800	0.080	11,000
7/31/2022	0.160	0.100	0.120	1,501
8/31/2022	0.155	0.100	0.100	15,500
9/30/2022	0.100	0.085	0.090	5,913
10/31/2022	0.090	0.040	0.040	36,784
11/30/2022	0.095	0.040	0.095	43,930
12/31/2022	0.100	0.075	0.080	50,050
1/31/2023	0.160	0.100	0.120	28,453
2/28/2023	0.140	0.060	0.090	8,083
3/31/2023	0.140	0.050	0.140	6,646
	0.220	0.040	0.140	279,759

### Cash Flow Requirements

Refer to Notes 5 and 6 of the audited consolidated financial statements on June 30, 2022, for detailed terms and repayment requirements for the Atlantic Canada Opportunity Agency (ACOA), Investissement Quebec, 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 \$ - March 31, 2023					
Description	Total	Less than one			
		year	2-3 years	4-5 years	After 5 years
Loan- ACOA	500,000	-	125,000	250,000	125,000
Short term loans and short-term debenture	9,885,542	9,885,542	-	-	-
Term Loans and long-term debenture	2,185,276	-	2,185,276		
CEBA loans	240,000	-	240,000		
	\$ 12,810,818	\$ 9,885,542	\$ 2,550,276	\$ 250,000	\$ 125,000

## Transactions with Related Parties

The Corporation incurred the following related party expenditures for the three and six-months ending March 31, 2023.

Related party - Management fees	Three months ended		Nine months ended	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	\$	\$	\$	\$
Management fees	26,250	50,250	126,750	158,750
Directors' fees	2,450	3,150	5,950	6,650
Salaries and benefits	33,727	30,202	102,449	85,238
Operating expenses	62,427	83,602	235,149	250,638

The Corporation has issued shares instead of payment of interest on a related party loan as described in Note 6 of the consolidated financial statements. The compensation expense associated with key management and directors for services is as follows:

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

### *Off-Balance Sheet Arrangements*

The Corporation has no off-balance sheet arrangements.

### *Proposed Transactions*

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

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

As required by National Instrument 52-109 issued by the Canadian Securities Administrators (“NI52-109”), the Corporation’s Chief Executive Officer (CEO) and the Corporation’s interim 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 on September 30, 2022. Upon completion of its filings, the signed certificates will be available on SEDAR.

The CEO and interim CFO are reasonably certain that all information is made known to them and that 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 in 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 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 several 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 website 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.com](http://www.cse.com)

## CORPORATE PROFILE

<b>Board of Directors</b> J. Paul Allingham Joseph Flabbi David J. Hennigar Francis H. MacKenzie Jean-Marc MacKenzie Paul R. Snelgrove K. Barry Sparks E. Christopher Stait-Gardner	<b>Corporate Officers</b> David J. Hennigar, Chair K. Barry Sparks, Vice-Chair Francis H. MacKenzie, President & CEO Jean-Marc MacKenzie, Interim CFO Liz MacKenzie, Corporate Secretary
<b>Corporate Head Office</b> Metalo Manufacturing Inc. Suite 2500, Unit 112, 120 Adelaide Street West, Toronto, Ontario Tel: (902) 233-7255	<b>Mailing Address</b> Metalo Manufacturing Inc. Attn: Francis MacKenzie PO Box 14, 535 Larry Uteck Blvd Halifax, Nova Scotia B3M 0E3

*Bankers:*

*Auditors:*

*Transfer Agent & Registrar:*

*Stock Exchange:*

*Shareholder Information: Contact Person:*

*Contact Telephone Number and email:*

*Website:*

*Bank of Montreal, Main Branch, Halifax, Nova Scotia*

*PricewaterhouseCoopers LLP*

*TSX Trust Corporation, Toronto, Ontario*

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

*Liz MacKenzie*

*(902) 233-7255- [liz@metalo.ca](mailto:liz@metalo.ca)*

*[www.metalo.ca](http://www.metalo.ca)*

