



**METALO MANUFACTURING INC.
(FORMERLY MUSKRAT MINERALS INCORPORATED)
INTERIM MD&A-QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2016**

The following is a discussion of the unaudited interim consolidated financial statements and results of operations of Metalo Manufacturing Inc. (“MMI” or “the Corporation”) for the three and nine months ended March 31, 2016. At the annual general and special meeting of shareholders held on December 08, 2015, shareholders’ approved a name change to Metalo Manufacturing Inc. trading on the Canadian Securities Exchange (the “CSE”) under the ticker symbol “MMI”, (previously traded on the CSE under the ticker symbol “YYR”). The Corporation is headquartered in Toronto, Canada. This interim discussion and analysis should be read in conjunction with the Corporation’s unaudited interim financial statements at March 31, 2016 and the annual audited consolidated financial statements and the annual MD&A for the year ended June 30, 2015.

The interim consolidated financial statements are presented in Canadian dollars and have been prepared in compliance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at March 31, 2016.

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

This Interim MD&A is dated as of May 27, 2016 and contains discussion of material events up to and including that date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

OVERVIEW

The Corporation’s principal business is the investment in metals manufacturing to create pig iron for sale to steel mills and foundries, as well as to invest in mining projects of interest. It is currently a shareholder of Grand River Ironsands Incorporated (“GRI”) with 44.3% of GRI’s issued and outstanding common shares (41.3% at June 30, 2015 and 40.2% at June 30, 2014). GRI owns 60% (64.6% at June 30, 2015 and 67.2% at June 30, 2014) of North Atlantic Iron Corporation (“NAIC”). NAIC’s business emphasis is the manufacturing of pig iron, as well as owning mineral claims for an iron ore resource Happy Valley-Goose Bay, Newfoundland and Labrador. GRI also owns 100% of Forks Specialty Metal Inc. (“FSM”), which owns and operates two electric arc smelting furnaces in Easton, PA, USA. FSM is actively pursuing other opportunities to maximize the economic performance of its assets. The Corporation also continues to seek potential joint ventures and partnerships to enhance the value of its existing mineral sands properties located in Goose Bay, Labrador and Newfoundland.

GRI and its JV partner, Petmin Limited (South Africa's largest anthracite coal producer), have announced their intentions to build a merchant pig iron plant in North America and NAIC have engaged two global engineering firms to undertake a Bankable Feasibility Study (BFS). In addition, the site selection process has been shortened to two potential locations; either north of the Ohio River (on Lake Erie) or on or near the St. Lawrence Seaway.

OPERATIONAL HIGHLIGHTS

- NAIC business model is to be a low cost North American producer of foundry grade pig iron. Foundry grade pig iron is a very high grade product and very few producers globally can achieve such standards. Project partners remain focused on those specifications and remain confident they can achieve this standard and thereby ensure premium prices for its products. Project partners have continued testing on the specific requirements as the feasibility study work continues.
- NAIC's plant will be the first in North America dedicated solely to the production of pig iron. North America currently imports 4-5 million tonnes of pig iron annually primarily from Brazil, Russia, South Africa and the Ukraine. This plant is being designed to provide a new standard for environmental emissions and stewardship as well as to be strategically located to provide competitive advantage in both access to raw materials as well as access to markets.
- The "BFS" is on schedule and should be completed on or before June 30, 2016 as originally planned and released shortly thereafter. The study consists of two major components, equipment configuration and requirements and construction and engineering. "Tenova" focus is on the equipment requirements and "SNC Lavalin" on the plant construction and operation. Management remain confident the business case will remain positive or in fact be enhanced as the definition and refinement of the capital, operating and logistics costs and revenue models are completed and signed off. The BFS continues to focus on the Quebec site, however, studies will also continue on the site in Ohio. Negotiations with authorities and financial institutions relative to both locations have yet to be concluded. It is anticipated that the final site location announcement will be made concurrent with the release of the BFS.
- NAIC awarded the contract for site permitting work to "SNC Lavalin" in December, 2015 and work is progressing on schedule. The full permitting process was originally estimated to take 15-18 months, however, management have requested the firm schedule their work to have project approval in place by April 30, 2017. Indications to date from the pre-engineering and design reveal emissions from the plant will meet or better all present environmental standards, and is expected to be an industry leader in emission reductions relating to air and water. Positive environmental outputs will positively impact the permitting effort.
- GRI continues to access joint venture and/or partnering opportunities for its wholly owned subsidiary Forks Specialty Metals (FSM). FSM owns and operates two electric arc furnaces in Pennsylvania. These furnaces were essential for testing various iron ore composition and coals and will continue to be required as a laboratory for refining the pig iron process going forward. However, they are underutilized and GRI management continues to seek partnering and/or joint venture opportunities to more fully utilize this major asset. FSM is accessing the feasibility of the smelting of electronic waste to capture and recycle the copper, gold and other valuable metals found in end of life electronic units. FSM is meeting with electronic waste recyclers to determine if an economical supply of scrap material can be guaranteed to sustain a smelting operation. NAIC remains committed to finding a commercial use for these furnaces.
- NAIC continues testing work on its minerals sands resource in Labrador to evaluate potential of various minerals of "economic interest" contained within the resource. The work undertaken by Worley Parsons and SRK Consultants in the Preliminary Economic Assessment (PEA) was filed on SEDAR in June 2014 and primarily identified an iron ore resource. Recent discussions with mineral sands experts in China will serve as the basis for continued efforts in the remainder of 2016. The ongoing focus is to better understand the economics of the other minerals such as garnet, zircon, feldspars, and silica sands, as well as the recovery of vanadium and titanium from slag if and when the iron ore material is used to make pig iron.

- NAIC is currently in the process of raising additional funding to ensure the project is funded through all remaining required permitting and engineering phases.

FINANCIAL SUMMARY

The following discussion addresses the operating results and financial condition of the Corporation for the three and nine months ended March 31, 2016. All results in this report are presented in Canadian dollars, unless otherwise indicated.

Following is a summary of the major financial highlights for the three and nine months ended March 31, 2016, and to the date of this MD&A.

- On September 14, 2015 a settlement of \$610,000 was released to GRI from the Province of Newfoundland and Labrador representing the recovery of the costs associated with the forfeiture of the Porcupine Strand licenses which became a part of the Mealy Mountain National Park.
- Subsequent to year end MMI acquired an additional 700,000 common shares of GRI for consideration of \$350,000 increasing their holdings to 44.3%.
- On July 8, 2015, Petmin purchased 30 additional common shares in NAIC for consideration of US\$2,000,000 increasing their holding to 37.8%.
- On February 10, 2016 Petmin purchased 29 additional common shares in NAIC for consideration of US \$2,000,000 increasing their holding to 40.0%. This latest investment completes Petmin's US\$25 million commitment. Petmin have indicated it is fully committed to the project and are prepared to add to its investment as the project advances.
- On May 2, 2016 the Corporation issued 56,021 common shares to Forest Lane Holdings Limited ("FLH"), a company controlled by an insider of the Corporation. This issuance represents interest due May 1, 2016 in the aggregate amount of \$25,000 on the convertible debenture and was made at a deemed price of \$0.4462577 per share, which is the volume-weighted trading price for the 20 trading days ending April 1, 2016. The securities are subject to a four month hold period following the date of issuance

Financial and operational results

NON-GAAP Financial Measures

There is a measure included in these interim financial statements that does not have a standardized meaning under GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Corporation includes this measure because it believes certain investors use this measure 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, 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 table summarizes the financial results for the three and nine months ended March 31, 2016.



Selected Consolidated Operating Results				
	Three Months		Nine Months	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$'s	\$'s	\$'s	\$'s
Revenue	-	2,825	-	76,223
Expenses				
Advertising and promotion	30,242	619	30,242	619
Utilities	51,692	47,059	96,869	89,536
Consulting	42,700	-	219,437	923
Dues and fees	2,419	2,250	21,434	27,593
Exploration Costs	1,264	5,226	1,264	428,607
Foreign exchange losses	135,003	92,881	(94,541)	79,355
General and administrative	13,565	25,904	108,662	107,709
Insurance	21,776	22,709	75,458	65,142
Management fees	281,864	239,943	790,817	707,464
Professional fees	7,500	6,090	23,950	33,300
Rental	288,868	242,989	812,939	664,923
Travel	116,571	373,758	177,600	630,823
Stock based compensation	-	-	-	371,000
Salaries and wages	144,973	125,839	412,310	349,247
Operating loss before under noted	(1,138,437)	(1,182,442)	(2,676,441)	(3,480,018)
Depreciation	(7,257)	(9,009)	(17,288)	(27,026)
Interest	(59,491)	(9,768)	(168,926)	(21,472)
Consolidated income (loss)	(1,205,185)	(1,201,219)	(2,862,655)	(3,528,516)
Expense recovery Porcupine Strand	-	-	167,370	-
Loss on sale of fixed assets	-	-	(853)	-
Gain (loss) on investments	1,170	45,106	8,448	(119,735)
Income tax recovery	361,219	347,490	800,898	994,272
Other comprehensive income	(146,029)	-	71,021	-
Non-controlling interest	839,814	519,103	1,336,131	1,373,456
Income (loss) attributable to MMI	(149,011)	(289,521)	(479,641)	(1,280,523)
Income (Loss) per share	(0.009)	(0.017)	(0.028)	(0.074)
Avg. Weighted Shares O/S	17,251,018	17,251,018	17,251,018	17,251,018

Overall performance for the third quarter and year to date ended March 31, 2016

Losses attributable to the MMI shareholders for the three month and nine month period ended March 31, 2016, was (\$149,011) and (\$479,641) respectively compared to a loss of (\$289,521) and (\$1,280,523) respectively for the prior year. The recovery of exploration expenses related to Porcupine Strand in the amount of \$167,370 and the absence of stock option issuance costs which amounted to \$371,000 in the prior year, together with foreign exchange gains and positive foreign exchange translation related to the carrying value of GRI's United States operations (FSM) in the amount of had a significant impact on the quarterly results.

The unrealized gain on investments represents the market value of those shares at March 31, 2016 and an adjustment in previous unrealized loss on the shares sold.

Exploration costs relate to carrying costs of mineral claims and licenses and are all associated with the corporation property in Goose Bay, Labrador and Newfoundland. Prior years exploration costs in the amount of \$428,607 consisted of \$249,000 of drilling test holes and extracting core samples for analysis, the balance of \$179,607 related the analysis and evaluation of core samples.

Selected Quarterly Financial Data

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

Selected Quarterly Financial Data								
	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
	2016	2015	2015	2015	2015	2014	2014	2014
Revenue	-	-	-	(76,224)	2,825	73,399	-	-
Expenses								
Advertising and promotion	30,242	-	-	1,008	619	-	-	(11,005)
Utilities	51,692	25,556	19,621	42,221	47,059	22,166	20,311	135,151
Consulting	42,700	104,007	72,730	1,893	-	173	750	600
Dues and fees	2,419	16,020	2,995	2,284	2,250	14,637	10,706	2,311
Exploration Costs	1,264	-	-	494,415	5,226	374,268	49,113	92,608
Foreign exchange losses	135,003	(13,233)	(216,311)	96,477	92,881	(33,009)	19,483	87,410
General and administrative	13,565	18,393	76,704	98,070	25,904	43,581	38,224	73,074
Insurance	21,776	27,057	26,625	27,596	22,709	8,842	33,591	101,939
Management fees	281,864	264,020	244,933	239,654	239,943	318,513	149,008	311,019
Professional fees	7,500	16,450	-	12,450	6,090	19,710	7,500	65,150
Rental	288,868	261,162	262,909	247,916	242,989	141,333	280,601	788,604
Travel	116,571	140,497	(79,468)	87,783	373,758	92,271	164,794	159,462
Stock based compensation	-	-	-	959,000	-	371,000	-	-
Salaries and wages	144,973	134,829	132,508	126,974	125,839	124,966	98,442	53,877
Operating loss before under noted	(1,138,437)	(994,758)	(543,246)	(2,513,964)	(1,182,442)	(1,425,052)	(872,523)	(1,860,200)
Expense recovery Porcupine Strand	-	-	167,370	-	-	-	-	-
Other comprehensive income	(146,029)	73,504	143,546	290,413	-	-	-	-
Depreciation	(7,257)	(7,211)	(2,820)	(9,705)	(9,009)	(9,009)	(9,009)	10,198
Interest expense	(59,491)	(56,174)	(53,261)	(38,353)	(9,768)	(7,222)	(4,482)	(19,002)
Loss on sale of fixed assets	-	(853)	-	-	-	-	-	-
Gain (loss) on investments	1,170	(13,486)	20,763	(16,943)	45,105	(72,946)	(91,895)	87,078
Income tax recovery	361,219	324,489	115,190	489,338	347,490	343,631	303,151	812,343
Consolidated Income (Loss)	(988,825)	(674,489)	(152,458)	(1,799,214)	(808,624)	(1,170,598)	(674,758)	(969,583)
Non-controlling interest	839,814	520,676	(24,359)	683,518	519,103	416,915	437,438	798,477
Net Income (Loss)	(149,011)	(153,813)	(176,817)	(1,115,696)	(289,521)	(753,683)	(237,320)	(171,106)
Income (Loss) per share	(\$0.009)	(\$0.010)	(\$0.082)	(\$0.017)	(\$0.044)	(\$0.017)	\$0.006	(\$0.018)
Avg. Weighted Shares O/S	17,251,018	17,251,018	17,251,018	17,251,018	17,251,018	17,251,018	17,251,018	17,251,018

Geographical segments

The above segments are managed on a worldwide basis, but operate in two principal geographical areas, namely, Canada and the United States.

Segment assets are based on the geographical location of the assets.

Non-current assets	31-Mar-16	31-Mar-15
	\$	\$
Canada	58,708,017	58,367,540
United States	2,814,160	2,129,025
Total non-current assets	61,522,177	60,496,565

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet as at March 31, 2016 with comparable numbers for the prior two fiscal years:

Selected Consolidated Balance Sheet Items			
	Quarter Ended	Year End	Year End
	March 31, 2016	June 30, 2015	June 30, 2014
	\$'s	\$'s	\$'s
Cash	1,722,323	1,375,031	1,977,562
Restricted cash	-	610,000	-
Other receivables	95,014	179,796	62,598
Prepaid and other deposits	1,588,918	532,240	431,837
Investments	17,552	92,266	474,487
Iron interests	61,403,712	60,396,574	58,107,967
Mineral claim deposits	-	-	334,045
Property and equipment	118,465	141,808	173,225
Accounts Payable	(183,349)	(2,952,818)	(1,390,611)
Current portion long term debt	(272,258)	(1,184,923)	-
Long term debt	(2,652,426)	(1,661,511)	(1,453,032)
Deferred Taxes	(8,004,822)	(8,805,720)	(10,289,326)
Shareholders' Equity (Deficiency)	22,837,547	19,718,228	18,947,830
Shareholders' Equity associated with Non controlling interests	30,995,582	29,002,515	29,480,922

Details of significant balance sheet items are detailed below.

Restricted Cash

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

Account and Other Receivables

Principally consists of HST receivable at March 31, 2016.

Prepaid and Other Deposits

The prepaid and other deposits in the amount of \$1,588,918 at March 31, 2016 consists principally of a rent security deposit, prepaid liability and environmental insurance, various utilities prepaid for the smelting facility in Forks, PA in the amount of \$375,614; advances of \$848,050 related to the bankable feasibility study and site permitting and environmental assessment; and \$356,050 for unbilled management and travel costs for Petmin.

Iron interests

Iron Interests				
	Balance(Restated)			Balance
	30-Jun-15	Additions	Deletions	31-Mar-16
	\$	\$	\$	\$
Labrador Mineral Sands	60,281,553	1,122,159	-	61,403,712
Porcupine Strand	115,021	-	115,021	-
	60,396,574	1,122,159	115,021	61,403,712

At the date of the MD&A the property comprises 584 claims in 5 claim blocks with a total area of approximately 146 square kilometres.

Property and Equipment

Description	Cost			Accumulated Depreciation			Net Book	Net Book
	Balance	Net	Balance	Balance		Balance	Value	Value
	30-Jun-15	Additions	31-Mar-16	30-Jun-15	Depreciation	31-Mar-16	30-Jun-15	31-Mar-16
Computer hardware	15,138	-	15,138	8,498	1,494	9,992	6,640	5,146
Automotive equipment	6,295	(6,295)	-	3,210	(3,210)	-	3,085	-
Other Equipment	196,430	-	196,430	95,856	15,086	110,942	100,575	85,489
Office furniture and equipment	51,832	1,949	53,781	20,324	5,626	25,950	31,508	27,830
	269,695	- 4,346	265,349	127,888	18,996	146,884	141,808	118,465

Accounts Payable

The accounts payable balance at March 31, 2016 was \$183,349 consists of normal trade payables.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no revenue generating operations from which it can internally generate funds. To date, the Corporation's ongoing operations have been predominantly financed through sale of its equity securities by way of private placements and or shareholders loans and advances.

Presently the Corporation has approximate cash on hand of \$.9 million CDN equivalent. The Corporation expects that it will operate at a loss for the foreseeable future, but believes the current cash will be sufficient for it to complete discretionary activities, and fund its currently anticipated general and administrative costs, through the next 6 -12 months. In addition, NAIC are currently in the process of raising additional funds to complete all remaining required permitting and engineering phases.

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

Long-Term Debt

NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of \$500,000. The loan is repayable in five annual equal and consecutive installments commencing nine months after the end of the fiscal year in which project success is achieved. It is anticipated that project success will be achieved in the fiscal year ending June 30, 2019 and repayments will commence in December 2019. The carrying value of the loan has been discounted using an effective interest rate of 9%.

FSM received a loan from the State of Pennsylvania in the amount of US\$1, 600,000 (\$1,682,880) to partially finance the acquisition of industrial equipment in Forks Township, Pennsylvania. The loan bears interest at 1% and is repayable in monthly principal installments of US\$14,017 commencing March 1, 2013, maturing on February 1, 2023. The carrying value of the loan has been discounted using an effective interest rate of 9%.

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 with an officer and director of the Corporation. The debenture matures on May 1, 2020 and bears interest at a rate of 5% per annum payable quarterly. The debenture can 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.

Share Capital

A summary of the Corporation's common shares outstanding as of March 31, 2016 is presented below:

COMMON STOCK ISSUED AND OUTSTANDING		
Authorized: Unlimited number of common shares without par value	Number of Shares	Amount
Issued and outstanding at March 31, 2016	17,251,018	\$ 8,948,978

There were no stock issuances during the quarter.

Stock Options

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

There were no stock options issued during the quarter.

Options outstanding at March 31, 2016 are as follows:

		Exercise	Issued	Exercisable
Grant Date	Expiry Date	Price	March 31, 2016	
May 28, 2012	May 28, 2022	\$0.65	144,000	144,000
Nov. 30, 2012	Nov. 30, 2022	\$0.65	450,000	450,000
Dec. 06, 2013	Dec. 06, 2023	\$0.85	985,000	985,000
Dec. 08, 2014	Dec. 08, 2024	\$0.75	535,000	535,000
Total			2,114,000	2,114,000

Grand River Ironsands Incorporated Stock Options

There were no stock options issued during the quarter.

Options outstanding at March 31, 2016 are as follows:

		Exercise	Issued	Exercisable
Grant Date	Expiry Date	Price	March 31, 2016	
Sept. 02, 2011	Sept. 02, 2016	\$1.25	415,000	415,000
May 31, 2012	May 31, 2017	\$1.25	495,000	495,000
Nov. 05, 2012	Nov. 05, 2017	\$1.25	87,000	87,000
Dec. 06, 2013	Dec. 06, 2018	\$2.10	475,000	475,000
Dec. 08, 2014	Dec. 08, 2019	\$2.10	494,000	494,000
Total			1,966,000	1,966,000

CRITICAL ACCOUNTING POLICIES

General

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

RISK FACTORS

For a complete list of risk factors please refer to the audited consolidated financial statements for June 30, 2015. Following are the most significant risk factors.

Additional Funding Requirements

The Joint Venture shall require additional financing to continue its operations. There can be no assurance that GRI, NAIC or its joint venture partners shall be able to obtain adequate financing in the future, or that the terms of such financing shall be favourable for further evaluation, exploration and development of its projects or investments. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development and the indirect property interests of the Corporation with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, shall depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources.

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 limitation of insurance coverage could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Governmental Regulation and Policy Risks

Canadian manufacturing and mining companies 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.

Legal Proceedings

There are no outstanding legal proceedings against the Corporation.

Market for Securities

The Common Shares of the Corporation are listed and posted for trading on the Canadian National Stock Exchange (CSE) under the trading symbol "MMI".

Transactions with Related Parties

The Corporation incurred the following related party expenditures for the three and nine months ended March 31, 2016.

		Three Months		Nine Months	
		31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Relationship	Purpose of Transaction	\$	\$	\$	\$
Directors of the Company	Directors Fees	2,800	3,150	12,950	13,650
Key Management Personnel	Management Fees	41,250	41,250	123,750	123,750
Key operating personnel	Consulting fees	208,271	189,759	628,676	564,279
Key operating personnel	Salaries and benefits	189,287	146,608	501,022	414,055
		441,607	380,766	1,266,397	1,486,734
Capitalized		14,770	14,984	63,271	59,023
Operating expenses		426,837	365,782	1,203,127	1,427,711

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

Key management personnel includes the President, Vice President and the Chief Financial Officer of MMI, the President, Chief Executive Officer, Chief Financial Officer and Chief Corporate Affairs Officer, Geologist, and Chief Operating Officer 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 believe has 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 interim certificates “Certification of Disclosure of Issuers’ Annual and Interim Filings” concurrent with the completion of filing its interim filings. The certifying officers have concluded that disclosure controls and procedures are effective at March 31, 2016. 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 to 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’.

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
C.H. (Bert) Loveless, Vice President
Lorne S MacFarlane, Chief Financial Officer
Lina Tannous, Secretary

Corporate Head Office

Metalo Manufacturing Inc.
Attn: K. Barry Sparks
1600 - 141 Adelaide Street West
Toronto, ON M5H 3L5
Fax Number: (902) 484-7599
Phone Number: (902) 877-5272

Mailing Address

Metalo Manufacturing Inc.
Attn: Lorne S. MacFarlane
380 - 311 Bedford Highway
Halifax, NS B3M 2L4

Corporate Information

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

Stock Exchange

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

Shareholder Information

Contact Person:	C H Bert Loveless
Contact Telephone Number:	(902) 471 -8028
Contact E-Mail Address:	bert@metalo.ca