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**Metamaterial Inc.**  
**(Formerly Continental Precious Minerals Inc.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FEBRUARY 29, 2020**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

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**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of Metamaterial Inc. (formerly Continental Precious Minerals Inc. ("Continental")) have been prepared by, and are the responsibility of, management. The unaudited condensed interim consolidated financial statements have not been reviewed by Continental's auditors.

**METAMATERIAL INC. (FORMERLY CONTINENTAL PRECIOUS MINERALS INC.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
(UNAUDITED)

|  | As at<br>February 29,<br>2020 | As at<br>May 31,<br>2019 |
|--|-------------------------------|--------------------------|
| <b>ASSETS</b>  |                               |                          |
| <b>Current assets</b>                                    |                               |                          |
| Cash and cash equivalents                                | \$ 4,391,504                  | \$ 4,791,718             |
| Marketable securities                                    | 4,392                         | 4,392                    |
| Accounts receivable                                      | 3,990                         | 15,962                   |
| Prepaid expenses   | 18,632                        | 24,956                   |
| <b>Total assets</b>                                      | <b>\$ 4,418,518</b>           | <b>\$ 4,837,028</b>      |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>              |                               |                          |
| <b>Current liabilities</b>                               |                               |                          |
| Accounts payable and accrued liabilities (Notes 3 and 6) | \$ 227,880                    | \$ 24,922                |
| <b>SHAREHOLDERS' EQUITY</b>                              |                               |                          |
| Share capital (Note 4)                                   | 33,482,048                    | 33,482,048               |
| Reserves (Note 4)  | 26,502,330                    | 26,502,330               |
| Deficit  | (55,793,740)                  | (55,172,272)             |
| <b>Total shareholders' equity</b>                        | <b>4,190,638</b>              | <b>4,812,106</b>         |
| <b>Total liabilities and shareholders' equity</b>        | <b>\$ 4,418,518</b>           | <b>\$ 4,837,028</b>      |

**Approved by the Board**

" *Maurice Guitton*", Director

" *Allison Christilaw*", Director

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

**METAMATERIAL INC. (FORMERLY CONTINENTAL PRECIOUS MINERALS INC.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(Expressed in Canadian Dollars)**

|  | Three Months<br>Ended<br>February 29,<br>2020 | Three Months<br>Ended<br>February 29,<br>2019 | Nine Months<br>Ended<br>February 29,<br>2020 | Nine Months<br>Ended<br>February 29,<br>2019 |
|--|---|---|--|--|
| <b>Expenses</b>  |   |   |  |  |
| Director fees (Note 6)   | \$ 9,807                                      | \$ 18,487                                     | \$ 59,413                                    | \$ 49,750                                    |
| Office and general   | 3,594   | 194,363                                       | 15,685                                       | 210,016                                      |
| Professional fees (Note 6)   | 205,895                                       | 98,919  | 540,012                                      | 157,247                                      |
| Shareholder relations  | 941   | 259   | 20,112                                       | 14,147                                       |
| Stock exchange fees  | -   | 1,250   | 1,250  | 3,750  |
| Travel and business development  | -   | 232   | 2,721  | 4,177  |
| Share-based compensation (Notes 5 and 6)                                 | -   | -   | -  | 56,500                                       |
| <b>Net operating loss before the following</b>                           | <b>(220,237)</b>                              | <b>(313,510)</b>                              | <b>(639,193)</b>                             | <b>(495,587)</b>                             |
| Interest and other income  | 6,013   | 6,912   | 17,725                                       | 38,159                                       |
| <b>Net loss</b>  | <b>(214,224)</b>                              | <b>(306,598)</b>                              | <b>(621,468)</b>                             | <b>(457,428)</b>                             |
| <b>Other comprehensive loss</b>  |   |   |  |  |
| Items that may subsequently be reclassified to profit or loss:           |   |   |  |  |
| Changes in fair value of marketable securities                           | -   | (4,300)                                       | -  | (1,700)                                      |
| <b>Net loss and comprehensive loss</b>                                   | <b>\$ (214,224)</b>                           | <b>\$ (310,898)</b>                           | <b>\$ (621,468)</b>                          | <b>\$ (459,128)</b>                          |
| <b>Basic and diluted loss per share</b>                                  | <b>\$ (0.02)</b>                              | <b>\$ (0.03)</b>                              | <b>\$ (0.05)</b>                             | <b>\$ (0.04)</b>                             |
| <b>Weighted average number of shares outstanding - basic and diluted</b> | <b>11,706,896</b>                             | <b>11,706,896</b>                             | <b>11,706,896</b>                            | <b>11,706,896</b>                            |

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

**METAMATERIAL INC. (FORMERLY CONTINENTAL PRECIOUS MINERALS INC.)**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(Expressed in Canadian Dollars)**

|                                      | Number of<br>Common Shares | Share<br>Capital     | Reserves           |                         |  |                        | Total               |
|--------------------------------------|----------------------------|----------------------|--------------------|-------------------------|--|------------------------|---------------------|
|                                      |                            |                      | Broker<br>Warrants | Share-based<br>Payments | Accumulated Other<br>Comprehensive<br>Loss | Accumulated<br>Deficit |                     |
| <b>Balance, May 31, 2018</b>         | <b>11,706,896</b>          | <b>\$ 33,482,048</b> | <b>\$ 36,254</b>   | <b>\$ 26,432,671</b>    | <b>\$ (21,395)</b>                         | <b>\$ (54,666,809)</b> | <b>\$ 5,262,769</b> |
| Share-based<br>compensation (Note 5) | -                          | -                    | -                  | 56,500                  | -  | -                      | 56,500              |
| Net loss for the period              | -                          | -                    | -                  | -                       | -  | (457,428)              | (457,428)           |
| Other comprehensive loss             | -                          | -                    | -                  | -                       | (1,700)                                    | -                      | (1,700)             |
| <b>Balance, February 28, 2019</b>    | <b>11,706,896</b>          | <b>\$ 33,482,048</b> | <b>\$ 36,254</b>   | <b>\$ 26,489,171</b>    | <b>\$ (23,095)</b>                         | <b>\$ (55,124,237)</b> | <b>\$ 4,860,141</b> |
| <b>Balance, May 31, 2019</b>         | <b>11,706,896</b>          | <b>\$ 33,482,048</b> | <b>\$ 36,254</b>   | <b>\$ 26,489,171</b>    | <b>\$ (23,095)</b>                         | <b>\$ (55,172,272)</b> | <b>\$ 4,812,106</b> |
| Net loss for the period              | -                          | -                    | -                  | -                       | -  | (621,468)              | (621,468)           |
| <b>Balance, February 29, 2020</b>    | <b>11,706,896</b>          | <b>\$ 33,482,048</b> | <b>\$ 36,254</b>   | <b>\$ 26,489,171</b>    | <b>\$ (23,095)</b>                         | <b>\$ (55,793,740)</b> | <b>\$ 4,190,638</b> |

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

**METAMATERIAL INC. (FORMERLY CONTINENTAL PRECIOUS MINERALS INC.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
**(UNAUDITED)**

|  | Nine Months<br>Ended<br>February 29,<br>2020 | Nine Months<br>Ended<br>February 29,<br>2019 |
|--|--|--|
| <b>Cash flows used in operating activities</b>                   |  |  |
| Net loss   | \$ (621,468)                                 | \$ (457,428)                                 |
| Adjustment for non-cash items:                                   |  |  |
| Share-based compensation   | -  | 56,500                                       |
| Changes in non-cash working capital:                             |  |  |
| Accounts receivable  | 11,972                                       | 1,498  |
| Prepaid expenses   | 6,324  | (2,394)                                      |
| Accounts payable and accrued liabilities                         | 202,958                                      | 3,052  |
|  | <b>(400,214)</b>                             | <b>(398,772)</b>                             |
| <b>Cash flows provided by investing activities</b>               |  |  |
| Proceeds from return of capital of marketable securities         | -  | 2,600  |
|  | -  | 2,600  |
| <b>Net change in cash and cash equivalents during the period</b> | <b>(400,214)</b>                             | <b>(396,172)</b>                             |
| <b>Cash and cash equivalents, beginning of period</b>            | <b>4,791,718</b>                             | <b>5,272,894</b>                             |
| <b>Cash and cash equivalents, end of period</b>                  | <b>\$ 4,391,504</b>                          | <b>\$ 4,876,722</b>                          |
| <b>Cash and equivalents consists of the following:</b>           |  |  |
| Cash   | \$ 2,927,087                                 | \$ 3,442,643                                 |
| Cash equivalents - GIC   | 1,464,417                                    | 1,434,079                                    |
|  | <b>\$ 4,391,504</b>                          | <b>\$ 4,876,722</b>                          |

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**METAMATERIAL INC. (FORMERLY CONTINENTAL PRECIOUS MINERALS INC.)**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED FEBRUARY 29, 2020**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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## **1. NATURE OF BUSINESS**

As at February 29, 2020, immediately prior to the amalgamation described herein, Metamaterial Inc. (formerly Continental Precious Minerals Inc.) (the "Company") was a reporting issuer that traded on the NEX under the Symbol "CZQ.H". The primary office was located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

On March 5, 2020, the Company announced that it has completed its previously announced business combination with Metamaterial Technologies Inc. ("MTI") by way of a three-cornered amalgamation. MTI amalgamated with Continental Precious Minerals Subco Inc. ("Subco"), a wholly owned subsidiary of the Company, to form an amalgamated entity named Metacontinental Inc. ("Metacontinental"), and the securities of MTI were exchanged for securities of the Company (the "RTO"). The RTO was completed pursuant to the terms and conditions of an amalgamation agreement dated August 16, 2019 between META, MTI and the Subco, as amended pursuant to an amending agreement dated March 4, 2020 (the "Amalgamation Agreement").

Pursuant to the RTO, the common shares and Class A-1 preferred shares of MTI were exchanged for common shares of the Company ("META Common Shares") at a ratio of 2.75 META Common Shares for each MTI common share or Class A-1 preferred shares held by a holder. The Class A-2 preferred shares of MTI were exchanged at a ratio of 4.125 META Common Shares for each MTI Class A-2 preferred share held. All convertible securities of MTI were also exchanged for convertible securities of META in accordance with the exchange ratios set forth in the Amalgamation Agreement.

Prior to the closing of the RTO, the Company changed its name from "Continental Precious Minerals Inc." to "Metamaterial Inc." The Company and Metacontinental are now both headquartered in the Halifax Regional Municipality, Nova Scotia.

The Company's Common Shares were delisted from the NEX Board of the TSX Venture Exchange effective March 4, 2020. The Company Common Shares commenced trading on the Canadian Securities Exchange on Monday, March 9, 2020 under the symbol "MMAT".

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and the IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of April 30, 2020 the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended May 31, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended May 31, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

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**METAMATERIAL INC. (FORMERLY CONTINENTAL PRECIOUS MINERALS INC.)**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) New accounting standard adopted**

IFRS 16, Leases ("IFRS 16")

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. On June 1, 2019, the Company adopted IFRS 16. The adoption of this standard does not have a material impact on the Company's unaudited condensed interim consolidated financial statements.

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|   | <b>As at<br/>February 29,<br/>2020</b> | <b>As at<br/>May 31,<br/>2019</b> |
|---|--|-----------------------------------|
| Accounts payable                                      | \$ 215,380                             | \$ 14,772                         |
| Accrued liabilities                                   | 12,500                                 | 10,150                            |
| <b>Total accounts payable and accrued liabilities</b> | <b>\$ 227,880</b>                      | <b>\$ 24,922</b>                  |

**4. SHARE CAPITAL**

Authorized unlimited number of Class A Preference shares.

Class A Preference shares are issuable in one or more series, the terms of which are subject to the discretion of the directors at the date of issuance. No Class A Preference shares have been issued as at February 29, 2020.

Unlimited number of Common shares.

Reserves consist of broker warrants, share-based payments and other comprehensive loss. The fair value of broker warrants issued and stock options granted are determined using the black-scholes valuation model and recorded in the corresponding reserve accounts. Accumulated other comprehensive loss relates to fair value adjustments on marketable securities.

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**5. STOCK OPTIONS**

The Company's stock option plan (the "Plan") authorizes the board of directors of the Company to grant non-transferable stock options to its service providers, directors and to officers of the Company. Under the Plan, the number of shares subject to stock options cannot exceed 1,541,667 and the total number of shares which may be reserved for issuance to any one individual under the Plan cannot exceed 5% of the issued and outstanding shares, provided that (i) the maximum number of shares which may be reserved for issuance to insiders under the Plan and any other stock option plans or options cannot exceed 10% of the issued and outstanding shares at the time of the grant, (ii) the maximum number of shares which may be issued to insiders under the Plan and any other share compensation arrangements within any one year period cannot exceed 10% of the outstanding issue, and (iii) the maximum number of shares which may be issued to any one insider under the Plan and any other compensation arrangement within a one year period cannot exceed 5% of the shares outstanding at the time of the grant. The exercise price shall be determined by the board of directors from time to time on the basis of the closing price of the shares on the stock exchange on which the shares are then listed for trading.

The following table reflects the continuity of stock options for the periods presented:

|  | Number of<br>stock options | Weighted average<br>exercise price (\$) |
|--|----------------------------|---|
| <b>Balance, May 31, 2018 and February 28, 2019</b> | <b>500,000</b>             | <b>0.35</b>                             |
| Granted (i)  | 400,000                    | 0.35                                    |
| Expired  | (100,000)                  | 0.35                                    |
| <b>Balance, May 31, 2019</b>                       | <b>800,000</b>             | <b>0.35</b>                             |
| Expired  | (400,000)                  | 0.35                                    |
| <b>Balance, February 29, 2020</b>                  | <b>400,000</b>             | <b>0.35</b>                             |

(i) On September 20, 2018, the Company granted 400,000 stock options to directors with each option exercisable into one common share at \$0.35 until September 20, 2021 and vesting immediately. The fair value of these options at the date of grant of \$0.14 was estimated using the Black-Scholes options valuation model with the following assumptions: dividend yield of 0%; expected average volatility of 78%; risk-free interest rate of 2.21% and an expected average life of 3 years. The grant date fair value assigned to these options was \$56,500.

**6. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the three and nine months ended February 29, 2020, Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc., together known as the "Marrelli Group" charged the Company \$9,162 and \$34,275, respectively, (three and nine months ended February 28, 2019 - \$8,346 and \$32,685, respectively) in professional fees for the following services:

- Mr. Peng, employee of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company.
- Bookkeeping and office support services;
- Regulatory filing services; and
- Corporate secretarial services.

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**6. RELATED PARTY TRANSACTIONS (CONTINUED)**

The Marrelli Group is also reimbursed for out of pocket expenses. As of February 29, 2020, the Marrelli Group was owed \$6,304 (May 31, 2019 - \$4,854). These amounts were included in accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing and due on demand.

In addition to the consulting fees paid to the Company's CEO and CFO, remuneration of Directors and key management personnel of the Company was as follows:

|                          | <b>Three Months<br/>Ended<br/>February 29,<br/>2020</b> | <b>Three Months<br/>Ended<br/>February 29,<br/>2019</b> | <b>Nine Months<br/>Ended<br/>February 29,<br/>2020</b> | <b>Nine Months<br/>Ended<br/>February 29,<br/>2019</b> |
|--------------------------|---|---|--|--|
| Director fees and bonus  | \$ 9,500  | \$ 18,487   | \$ 58,500  | \$ 49,750  |
| Share-based compensation | \$ -  | \$ -  | \$ -   | \$ 56,500  |

The Board of Directors do not have employment or service contracts with the Company. They are entitled to director fees and stock options for their services.

**7. SUBSEQUENT EVENTS**

On March 4, 2020, the Company issued 300,000 options to directors vesting immediately. The exercise price of the options is \$0.35 and expiry date is earlier of December 31, 2020 or six months following the completion of amalgamation between MTI and CPM.