CONTINENTAL PRECIOUS MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2019

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of 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.

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

	As at November 30, 2019	As at May 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	**$ 4,599,255**	$ 4,791,718
Marketable securities	**4,392**	4,392
Accounts receivable	**28,189**	15,962
Prepaid expenses	**20,193**	24,956
Total assets	**$ 4,652,029**	$ 4,837,028
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 3 and 6)	**$ 247,167**	$ 24,922
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	**33,482,048**	33,482,048
Reserves (Note 4)	**26,502,330**	26,502,330
Deficit	**(55,579,516)**	(55,172,272)
Total shareholders' equity	**4,404,862**	4,812,106
Total liabilities and shareholders' equity	**$ 4,652,029**	$ 4,837,028

Approved by the Board

"Norman Brewster", Director

"Ram Kumar", Director

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

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

	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018	Six Months Ended November 30, 2019	Six Months Ended November 30, 2018
Expenses				
Director fees (Note 6)	**$ 9,803**	$ 15,618	**$ 49,606**	$ 31,263
Office and general	**2,711**	9,318	**12,091**	15,653
Professional fees (Note 6)	**275,134**	43,179	**334,117**	58,328
Shareholder relations	**18,443**	13,888	**20,421**	13,888
Stock exchange fees	**-**	1,250	**-**	2,500
Travel and business development	**448**	3,945	**2,721**	3,945
Share-based compensation (Notes 5 and 6)	**-**	56,500	**-**	56,500
Net operating loss before the following	**(306,539)**	(143,698)	**(418,956)**	(182,077)
Interest and other income	**5,866**	16,931	**11,712**	31,247
Net loss	**(300,673)**	(126,767)	**(407,244)**	(150,830)
Other comprehensive loss				
Items that may subsequently be reclassified to profit or loss:				
Changes in fair value of marketable securities	**-**	2,600	**-**	2,600
Net loss and comprehensive loss	**$ (300,673)**	$ (124,167)	**$ (407,244)**	$ (148,230)
Basic and diluted loss per share	**$ (0.03)**	$ (0.01)	**$ (0.03)**	$ (0.01)
Weighted average number of shares outstanding - basic and diluted	**11,706,896**	11,706,896	**11,706,896**	11,706,896

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

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

			Reserves				
	Number of Common Shares	Share Capital	Broker Warrants	Share-based Payments	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance, May 31, 2018	**11,706,896**	**$ 33,482,048**	**$ 36,254**	**$ 26,432,671**	**$ (21,395)**	**$ (54,666,809)**	**$ 5,262,769**
Share-based compensation (Note 5)	-	-	-	56,500	-	-	56,500
Net loss for the period	-	-	-	-	-	(150,830)	(150,830)
Other comprehensive loss	-	-	-	-	2,600	-	2,600
Balance, November 30, 2018	**11,706,896**	**$ 33,482,048**	**$ 36,254**	**$ 26,489,171**	**$ (18,795)**	**$ (54,817,639)**	**$ 5,171,039**
Balance, May 31, 2019	**11,706,896**	**$ 33,482,048**	**$ 36,254**	**$ 26,489,171**	**$ (23,095)**	**$ (55,172,272)**	**$ 4,812,106**
Net loss for the period	-	-	-	-	-	(407,244)	(407,244)
Balance, November 30, 2019	**11,706,896**	**$ 33,482,048**	**$ 36,254**	**$ 26,489,171**	**$ (23,095)**	**$ (55,579,516)**	**$ 4,404,862**

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

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

	Six Months Ended November 30, 2019	Six Months Ended November 30, 2018
Cash flows used in operating activities		
Net loss	**$ (407,244)**	$ (150,830)
Adjustment for non-cash items:		
Share-based compensation	**-**	56,500
Changes in non-cash working capital:		
Accounts receivable	**(12,227)**	2,179
Prepaid expenses	**4,763**	4,763
Accounts payable and accrued liabilities	**222,245**	15,882
	(192,463)	(71,506)
Cash flows provided by investing activities		
Proceeds from return of capital of marketable securities	**-**	2,600
	-	2,600
Net change in cash and cash equivalents during the period	**(192,463)**	(68,906)
Cash and cash equivalents, beginning of period	**4,791,718**	5,272,894
Cash and cash equivalents, end of period	**$ 4,599,255**	$ 5,203,988
Cash and equivalents consists of the following:		
Cash	**$ 3,146,716**	$ 345,111
Cash equivalents - GIC	**1,452,539**	4,910,237
	$ 4,599,255	$ 5,255,348

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

1. NATURE OF BUSINESS

Continental Precious Minerals Inc. (the "Company") is a reporting issuer that trades on the NEX under the Symbol "CZQ.H". Current management is actively seeking new business opportunities. The primary office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

On August 16, 2019, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Metamaterial Technologies Inc. ("Metamaterial"), a Nova Scotia-based developer of smart materials and photonics, and Continental Precious Minerals Subco Inc. ("Subco"), a wholly-owned subsidiary of the Company (the "Transaction"). Subject to the conditions set forth in the Amalgamation Agreement, the Transaction will take the form of a three-cornered amalgamation, which will result in Metamaterial becoming a wholly-owned subsidiary of the Company by amalgamating with Subco and the shareholders of Metamaterial becoming shareholders of the Company.

It is expected that approximately 67,004,266 the Company's common shares will be issued to the shareholders of Metamaterial as consideration for 100% of the issued and outstanding shares of Metamaterial. Upon completion of the Transaction, the shareholders of Metamaterial are expected to own approximately 86% of the Company's common shares.

Pursuant to the Amalgamation Agreement, Metamaterial may issue convertible promissory notes for aggregate gross proceeds of up to $600,000 per month, equity under a private placement for aggregate gross proceeds of up to $6,000,000 and a senior secured convertible debenture from a leading Canadian bank for aggregate gross proceeds of up to $5,000,000.

On October 11, 2019, the Company announced that shareholders of the Company ("Shareholders") approved all matters brought before them, including: (i) approval of an amended and restated stock option plan and deferred share unit plan to be effective as of the completion of the previously announced proposed business combination with Metamaterial Technologies Inc. (the "Effective Time"); (ii) the name change of the Company to "Metamaterial Inc." upon the Effective Time; (iii) the change of registered address of the Company upon the Effective Time; and (iv) the voluntary de-listing of the common shares of the Company from trading on the NEX Board of the TSX Venture Exchange at the discretion of the board of directors of the Company.

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 January 29, 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.

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

	As at November 30, 2019	As at May 31, 2019
Accounts payable	**$ 234,208**	$ 14,772
Accrued liabilities	**12,959**	10,150
Total accounts payable and accrued liabilities	**$ 247,167**	$ 24,922

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 November 30, 2019.

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.

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 stock options	Weighted average exercise price ($)
Balance, May 31, 2018 and November 30, 2018	**500,000**	**0.35**
Granted (i)	400,000	0.35
Expired	(100,000)	0.35
Balance, May 31, 2019	**800,000**	**0.35**
Expired	(400,000)	0.35
Balance, November 30, 2019	**400,000**	**0.35**

(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 six months ended November 30, 2019, Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc., together known as the "Marrelli Group" charged the Company $16,341 and $25,113, respectively, (three and six months ended November 30, 2018 - $16,420 and $24,339, 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.

6. RELATED PARTY TRANSACTIONS (CONTINUED)

The Marrelli Group is also reimbursed for out of pocket expenses. As of November 30, 2019, the Marrelli Group was owed $2,280 (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:

	Three Months Ended November 30, 2019	**Three Months Ended November 30, 2018**	**Six Months Ended November 30, 2019**	**Six Months Ended November 30, 2018**
Director fees and bonus	**$ 9,500**	$ 13,250	**$ 49,000**	$ 26,500
Share-based compensation	**$ -**	$ 56,500	**$ -**	$ 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.