

## METAMATERIAL RELEASES SECOND QUARTER 2020 RESULTS

HALIFAX, August 31, 2020 - Metamaterial Inc. (“Company” or “META”) (CSE: MMAT) a developer of high-performance functional materials and nanocomposites, today released second quarter 2020 results. Please visit the Investors section of our website to view the [Q2 2020 Shareholder Letter](#).

The interim financial statements and the associated management discussion and analysis for the quarter and six months ended June 30, 2020 are available on the Investors section of our website as well as under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

“We are excited to advance toward our next phase of volume production, having [signed a ten-year lease for an approximately 53,000 square foot facility](#), which will host holography and lithography R&D labs and Intel’s first-of-a-kind, high-volume, roll-to-roll holographic manufacturing equipment for AR and other Applications. In 2020 YTD, we have 16 active, customer-funded development programs, and we are engaged with a strong pipeline of more than 50 project opportunities with global companies,” said George Palikaras, President and CEO.

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## **About Metamaterial Inc.**

META is changing the way we use, interact and benefit from light. META designs and manufactures advanced materials and performance functional films which are engineered at the nanoscale to control light and electromagnetic waves. META is currently developing new materials with diverse applications in the automotive, aerospace, consumer electronics and medical industries. META has a growing patent portfolio with three core technologies; holographic, lithographic, and wireless sensing, designed for high volume applications. META is headquartered in Dartmouth, Nova Scotia and has offices in London, UK and Pleasanton, California. To learn more visit [www.metamaterial.com](http://www.metamaterial.com).

## **Forward Looking Information**

This release includes forward-looking information within the meaning of Canadian securities laws regarding the Company and its business, which may include, but are not limited to, statements with respect to the business strategies and operational activities of the Company. Often but not always, forward-looking information can be identified by the use of words such as “expect”, “intends”, “anticipated”, “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would” or “will” be taken, occur or be achieved. Such statements are based on the current expectations and views of future events of the management of the Company, and are based on assumptions and subject to risks and uncertainties. Although the management of the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the companies, including risks regarding the technology industry, market strategic and operational activities, and management’s ability to manage and to operate the business. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on any forward-looking statements or information. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and the Company does not undertake any obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events, or otherwise.

*The CSE has neither approved nor disapproved the contents of this news release.*

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

**Interim condensed consolidated statements of financial position (unaudited)**

[expressed in Canadian dollars]

As at

	June 30, 2020	December 31, 2019
	\$	\$
<b>Assets</b>		
Current		
Cash and cash equivalents	4,622,284	528,691
Grants receivable	112,066	242,705
Other receivables	89,907	79,072
Inventory	638,384	438,726
Prepaid expenses	272,664	365,602
HST receivable	110,586	262,512
Right-of-use assets	26,250	66,951
<b>Total current assets</b>	<b>5,872,141</b>	<b>1,984,259</b>
Intangible assets, net	5,928,188	6,404,812
Property and equipment, net	3,240,262	3,558,675
<b>Total non-current assets</b>	<b>9,168,450</b>	<b>9,963,487</b>
<b>Total assets</b>	<b>15,040,591</b>	<b>11,947,746</b>
<b>Liabilities and shareholders' equity (deficiency)</b>		
Current		
Trade payables	1,053,777	3,176,642
Due to related parties	339,824	345,033
Current portion of long-term debt	92,588	104,376
Current portion of deferred revenue	1,721,817	1,819,797
Derivative liability	-	1,175,056
Promissory notes	-	4,595,975
Current portion of lease liabilities	29,262	71,947
<b>Total current liabilities</b>	<b>3,237,268</b>	<b>11,288,826</b>
Deferred revenue	2,979,116	3,089,921
Deferred government assistance	277,879	369,221
Deferred tax liability	549,927	658,481
Unsecured convertible debenture	1,118,194	760,145
Secured convertible debentures	4,501,779	-
Funding obligation	871,138	808,298
Long-term debt	3,138,452	3,139,301
<b>Total non-current liabilities</b>	<b>13,436,485</b>	<b>8,825,367</b>
<b>Total liabilities</b>	<b>16,673,753</b>	<b>20,114,193</b>
<b>Shareholders' deficiency</b>		
Common shares	34,296,403	7,598,670
Preferred shares	-	12,748,100
Contributed surplus	4,752,133	3,753,211
Warrants	571,555	175,095
Accumulated other comprehensive loss	(593,609)	(159,512)
Deficit	(40,659,644)	(32,282,011)
<b>Total shareholders' deficiency</b>	<b>(1,633,162)</b>	<b>(8,166,447)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>15,040,591</b>	<b>11,947,746</b>

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

**Interim condensed consolidated statement of loss and comprehensive loss (unaudited)**

[expressed in Canadian dollars]

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Product sales	-	10,686	2,615	10,686
Development revenue	289,728	257,243	884,688	448,205
<b>Revenue, net</b>	<b>289,728</b>	<b>267,929</b>	<b>887,303</b>	<b>458,891</b>
Cost of goods sold	1,840	4,023	2,961	4,023
<b>Gross Profit</b>	<b>287,888</b>	<b>263,906</b>	<b>884,342</b>	<b>454,868</b>
<b>Expenses (income)</b>				
Salaries and benefits	914,549	782,610	2,113,586	1,510,165
Depreciation and amortization	842,998	747,492	1,721,900	1,437,241
Travel and entertainment	15,948	121,670	88,185	224,042
Other expenses	172,049	153,246	309,577	288,086
Listing expenses	-	-	3,370,249	-
Stock exchange fees	3,750	-	3,750	-
Rent and utilities	98,848	87,933	215,060	178,062
Interest and bank charges	314,139	107,663	434,413	194,868
Consulting	142,218	122,555	359,177	226,523
Investor related expense	49,321	-	68,827	-
Research and development	106,669	154,081	225,127	309,709
Professional fees	571,373	132,864	842,947	186,652
Non-cash interest accretion	140,726	112,834	284,128	30,890
Share-based compensation expense	503,803	282,745	953,831	582,584
Unrealized loss on derivative liability	(901,642)	(5,073)	(1,108,248)	236,021
Technology license fees	12,828	12,796	25,885	25,832
Realized foreign currency exchange loss (gain)	2,343	1,643	64,507	5,362
Interest income	(6,356)	(153)	(6,621)	(490)
Unrealized foreign currency exchange (gain) loss	417,678	189,788	(450,046)	362,896
Government assistance	(88,714)	(254,440)	(150,470)	(721,607)
	<b>3,312,528</b>	<b>2,750,254</b>	<b>9,365,764</b>	<b>5,076,836</b>
<b>Net loss before tax</b>	<b>(3,024,640)</b>	<b>(2,486,348)</b>	<b>(8,481,422)</b>	<b>(4,621,968)</b>
Income tax recovery	39,360	53,139	103,789	83,415
<b>Net loss for the period</b>	<b>(2,985,280)</b>	<b>(2,433,209)</b>	<b>(8,377,633)</b>	<b>(4,538,553)</b>
<b>Other comprehensive loss, net of income taxes</b>				
<b>Items that may be subsequently reclassified to income:</b>				
Unrealized foreign currency translation adjustment	200,570	(50,586)	(434,097)	63,545
<b>Comprehensive loss for the period</b>	<b>(2,784,710)</b>	<b>(2,483,795)</b>	<b>(8,811,730)</b>	<b>(4,475,008)</b>
<b>Basic and diluted loss per share</b>	<b>(0.04)</b>	<b>(0.25)</b>	<b>(0.13)</b>	<b>(0.47)</b>
<b>Weighted average number of shares outstanding</b>				
- basic and diluted	<b>83,597,092</b>	<b>9,724,476</b>	<b>65,092,122</b>	<b>9,724,476</b>

## Metamaterial Inc. (formerly Continental Precious Minerals Inc.)

### Interim condensed consolidated statement of cash flows (unaudited)

[expressed in Canadian dollars]

Six months ended June 30	2020	2019
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(8,377,633)	(4,538,553)
Add (deduct) items not affecting cash:		
Government assistance	(110,426)	(596,784)
Deferred income tax	(103,789)	(208,238)
Depreciation	1,721,900	1,437,241
Non-cash interest accretion	284,128	30,890
Unrealized foreign currency exchange loss	(490,390)	384,713
Interest expense	234,377	100,080
Impairment of intangible assets	-	-
Listing expenses	3,370,249	-
Unrealized loss on derivative liability	(1,108,249)	236,021
Change in deferred revenue	(208,784)	(422,203)
Share-based compensation expense	1,005,629	582,584
Net change in non-cash working capital items	(1,964,859)	377,046
<b>Cash used in operating activities</b>	<b>(5,747,847)</b>	<b>(2,617,203)</b>
<b>Investing activities</b>		
Employee receivable		
Additions to intangible assets	(67,720)	(48,321)
Additions to property and equipment	(767,312)	(548,418)
Reverse takeover, net cash	4,174,979	-
<b>Cash used in investing activities</b>	<b>3,339,947</b>	<b>(596,739)</b>
<b>Financing activities</b>		
Proceeds from long-term debt	45,897	837,907
Repayment of long-term debt	(262,258)	(35,715)
Proceeds from promissory notes	-	2,505,750
Proceeds from units, net	814,270	-
Proceeds from unsecured convertible debentures	950,000	-
Proceeds from secured convertible debentures	5,000,000	-
Payment of lease liabilities	(46,416)	(35,102)
<b>Cash provided by financing activities</b>	<b>6,501,493</b>	<b>3,272,840</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>4,093,593</b>	<b>58,898</b>
Cash and cash equivalents, beginning of the period	528,691	850,622
<b>Cash and cash equivalents, end of the period</b>	<b>4,622,284</b>	<b>909,520</b>
<b>Supplemental cash flow information</b>		
Interest on debt paid	127,303	10,221