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# **GIYANI METALS CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2018**

**(Expressed in Canadian Dollars)**

**(UNAUDITED)**

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## **Notice to Reader**

The accompanying unaudited condensed interim consolidated financial statements of Giyani Metals Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2018 have not been reviewed by the Company's auditors.

# GIYANI METALS CORP.

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

As at	September 30, 2018	December 31, 2017
<b>Assets</b>		
Current assets		
Cash	\$ 309,469	\$ 97,682
Funds held in trust	-	139,497
Amounts receivable	73,543	100,706
Amounts due from related party (note 10)	95,436	96,814
Prepays	55,801	19,168
Total current assets	534,249	453,867
Equipment (note 3)	18,595	22,729
Investment in associate (note 5)	490,629	632,128
Exploration and evaluation assets (note 4)	1,819,817	1,088,729
<b>Total Assets</b>	<b>\$ 2,863,290</b>	<b>\$ 2,197,453</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 242,976	\$ 312,159
Other liabilities (note 6)	106,943	106,943
Amounts due to related parties (note 10)	28,131	91,212
<b>Total Liabilities</b>	<b>378,050</b>	<b>510,314</b>
<b>Equity</b>		
Share capital (note 7(b))	22,582,290	21,316,713
Contributed surplus (note 8)	6,491,087	5,894,488
Warrants (note 9)	4,940,484	4,283,879
Shares to be issued	-	189,922
Cumulative translation adjustment	(232,059)	(165,009)
Deficit	(31,296,562)	(29,832,854)
	2,485,240	1,687,139
<b>Total Liabilities and Equity</b>	<b>\$ 2,863,290</b>	<b>\$ 2,197,453</b>

Nature of operations and going concern (note 1)  
Commitments (note 13)

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

Approved by the Board of Directors:

Director: Eugene Lee \_\_\_\_\_

Director: Jonathan Henry \_\_\_\_\_

# GIYANI METALS CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Expenses</b>				
Corporate, general and administration (note 11)	\$ 869,825	\$ 203,162	\$ 1,683,276	\$ 1,056,775
Amortization (note 3)	1,378	1,900	4,134	5,697
<b>Net loss before interest and other items</b>	871,203	205,062	1,687,410	1,062,472
Foreign exchange loss (gain)	(10,089)	428	(7,107)	1,148
Gain on debt settlement	-	-	(8,094)	(301,607)
Loss from associate (note 5)	9,579	24,494	34,696	146,924
Gain on disposal of shares of associate (note 5)	-	-	(243,197)	-
<b>Net loss for the period</b>	\$ 870,693	\$ 229,984	\$ 1,463,708	\$ 908,937
<b>Other comprehensive loss</b>				
Items that may be subsequently reclassified to profit and loss:				
Currency translation adjustment	23,793	(8,395)	67,050	(4,725)
<b>Comprehensive loss for the period</b>	\$ 894,486	\$ 221,589	\$ 1,530,758	\$ 904,212
<b>Basic diluted loss per share</b>	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.01
<b>Weighted average number of shares outstanding</b>	81,779,628	73,741,292	80,776,332	71,098,842

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

# GIYANI METALS CORP.

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars) (Unaudited)

	Share Capital		Contributed Surplus	Warrants	Shares to be issued	Cumulative Translation Adjustment	Deficit	Total
	Number	Amount						
Balance, December 31, 2016	67,470,980	\$ 19,066,321	\$ 5,326,516	\$ 4,093,233	\$ -	\$ (158,861)	\$ (28,508,845)	\$ (181,636)
Private placement, net of costs	3,521,572	1,022,556	-	190,646	-	-	-	1,213,202
Exercise of stock options	380,000	50,000	-	-	-	-	-	50,000
Fair value reclassified upon exercise of stock options	-	42,475	(42,475)	-	-	-	-	-
Shares issued for debt settlement	1,029,186	329,340	-	-	-	-	-	329,340
Shares issued for exploration and evaluation assets	2,000,000	730,000	-	-	-	-	-	730,000
Stock-based compensation	-	-	423,406	-	-	-	-	423,406
Currency translation adjustment	-	-	-	-	-	4,725	-	4,725
Net loss for the period	-	-	-	-	-	-	(908,937)	(908,937)
Balance, September 30, 2017	74,401,738	\$ 21,240,692	\$ 5,707,447	\$ 4,283,879	\$ -	\$ (154,136)	\$ (29,417,782)	\$ 1,660,100
Balance, December 31, 2017	74,571,738	\$ 21,316,713	\$ 5,894,488	\$ 4,283,879	\$ 189,922	\$ (165,009)	\$ (29,832,854)	\$ 1,687,139
Private placement, net of costs	7,207,890	1,265,577	-	656,605	(189,922)	-	-	1,732,260
Stock-based compensation	-	-	596,599	-	-	-	-	596,599
Currency translation adjustment	-	-	-	-	-	(67,050)	-	(67,050)
Net loss for the period	-	-	-	-	-	-	(1,463,708)	(1,463,708)
Balance, September 30, 2018	81,779,628	\$ 22,582,290	\$ 6,491,087	\$ 4,940,484	\$ -	\$ (232,059)	\$ (31,296,562)	\$ 2,485,240

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

# GIYANI METALS CORP.

## Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

	Nine Months Ended September 30,	
	2018	2017
<b>Operating Activities</b>		
Net loss for the period	\$ (1,463,708)	\$ (908,937)
Amortization	4,134	5,697
Foreign exchange	(22,154)	-
Stock-based compensation	596,599	423,406
Gain on disposal of shares of associate	(243,197)	-
Gain on debt settlement	(8,094)	(301,607)
Loss from associate	34,696	146,924
Net change in non-cash working capital:		
Funds held in trust	139,497	-
Amounts receivable	27,163	(41,060)
Amounts due from related party	1,378	(5,870)
Prepaid expenses	(36,633)	(18,230)
Accounts payable and accrued liabilities	(69,183)	224,053
Amounts due to related parties	(63,081)	(323,722)
<b>Cash used in operating activities</b>	<b>(1,102,583)</b>	<b>(799,346)</b>
<b>Investing Activities</b>		
Exploration and evaluation asset expenditures	(766,140)	(332,191)
Proceeds on disposal of investment in associate	350,000	-
<b>Cash used in investing activities</b>	<b>(416,140)</b>	<b>(332,191)</b>
<b>Financing Activities</b>		
Proceeds on issuance of shares, net of issuance costs	1,732,260	1,213,202
Proceeds from exercise of stock options	-	50,000
<b>Cash provided by financing activities</b>	<b>1,732,260</b>	<b>1,263,202</b>
<b>Effect of foreign exchange on cash</b>	<b>(1,750)</b>	<b>4,725</b>
<b>Change in cash during the year</b>	<b>211,787</b>	<b>136,390</b>
<b>Cash, beginning of the period</b>	<b>97,682</b>	<b>94,010</b>
<b>Cash, end of the period</b>	<b>\$ 309,469</b>	<b>\$ 230,400</b>
<b>Supplemental cash flow information:</b>		
Shares issued for exploration and evaluation assets (note 7)	\$ -	\$ 730,000

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

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of operations

Giyani Metals Corp., formerly Giyani Gold Corp. ("Giyani", or "the Company") was incorporated under the Canada Business Corporations Act on July 26, 2007 and continued under the Business Corporations Act of British Columbia on August 4, 2010. The Company has focused its full attention to advance its recently acquired manganese exploration stage assets within the Kanye Basin in south eastern Botswana, Africa (the "Kanye Project"). Previously the Company was seeking other business opportunities and it was engaged in the acquisition, exploration, evaluation and development of gold resource properties in South Africa and Canada. The registered address is Suite 403 - 277 Lakeshore Road East, Oakville, Ontario, L6J 6J3. The Company trades on the TSX Venture Exchange ("TSXV") under the symbol "WDG".

On July 17, 2017, the Company announced a name change from Giyani Gold Corp. to Giyani Metals Corp. to accurately reflect new business developments and marketing of its products.

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company reported a net loss of \$1,463,708 for the nine months ended September 30, 2018 (nine months ended September 30, 2017 - \$908,937) and had an accumulated deficit of \$31,296,562 at September 30, 2018 (December 31, 2017 - \$29,832,854).

### 2. Basis of preparation

#### (a) Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied in the Company's audited annual consolidated financial statements for the year ended December 31, 2017, other than as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements of the Company, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 6, 2018.

#### New standards adopted

IFRS 15 - Revenue from Contracts with Customers. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 - Revenue, IAS 11 - Construction Contracts, and a number of revenue related interpretations. On January 1, 2018, the Company adopted these amendments and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 2. Basis of preparation (continued)

#### New standards adopted (continued)

IFRS 9 — Financial instruments ("IFRS 9") was updated by the IASB in November 2009 and will replace part of IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 addresses the classification and measurement of financial assets. The two measurement categories for financial assets include amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is recorded at fair value through profit or loss.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments — Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. On January 1, 2018, the Company adopted these amendments and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash	Loans and receivables	FVTPL
Funds held in trust	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Amounts due from related party	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Other liabilities	Amortized cost	Amortized cost
Amounts due to related parties	Amortized cost	Amortized cost

#### New standards not yet adopted

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

# GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements  
 September 30, 2018  
 (Expressed in Canadian Dollars)  
 (Unaudited)

## 3. Equipment

Cost	Furniture and Fixture	Mining and Exploration	Computer Equipment	Equipment	Total
Balance, December 31, 2016, December 31, 2017 and September 30, 2018	\$ 31,186	\$ 21,724	\$ 21,175	\$ 32,743	\$ 106,828
<b>Accumulated depreciation</b>					
Balance, December 31, 2016	\$ 20,300	\$ 21,006	\$ 21,175	\$ 13,406	\$ 75,887
Depreciation for the period	3,625	718	-	3,869	8,212
Balance, December 31, 2017	\$ 23,925	\$ 21,724	\$ 21,175	\$ 17,275	\$ 84,099
Depreciation for the period	1,815	-	-	2,319	4,134
Balance, September 30, 2018	\$ 25,740	\$ 21,724	\$ 21,175	\$ 19,594	\$ 88,233
<b>Net book value</b>					
Balance, December 31, 2017	\$ 7,261	\$ -	\$ -	\$ 15,468	\$ 22,729
Balance, September 30, 2018	\$ 5,446	\$ -	\$ -	\$ 13,149	\$ 18,595

## 4. Exploration and evaluation assets

### Botswana

On April 11, 2017, the Company announced the acquisition of six new prospecting licenses that encompass the past producing Kgwakgwe Hill Manganese Mine ("K. Hill") located in the Kanye Basin, Southeastern Botswana. Binding agreements were signed with Everbroad Investments (Pty) ("Everbroad") Limited and Marcelle Holdings (Pty) Limited ("Marcelle") to acquire an 88% interest in PL322/2016 (Kgwakgwe Hill License) and 100% interest in PL336/2016 to PL340/2016 (adjacent to K. Hill) inclusive by making cash payments totaling US\$75,000 (paid).

On July 13, 2017, the Company signed a definitive agreement (the "Agreement") with Marcelle to acquire an 88% interest in seven prospecting licences (PL294/2016 to PL300/2016 inclusive) by making cash payments totaling BWP 980,000 Botswana Pula (paid). Additionally, the Agreement included the completion of the acquisition of 100% interest in five prospecting licences from Marcelle and an 88% interest in one prospecting licence from Everbroad as mentioned above. The Agreement also included the acquisition of a 100% interest in Menzi Battery (Pty) Limited ("Menzi"), a company incorporated in accordance with the laws of Botswana, by issuing two million common shares of Giyani (issued). The acquisition of Menzi was treated as an asset acquisition as Menzi did not meet the definition of a business under IFRS.

On November 16, 2017, the Company announced the acquisition of an additional licence near the town of Lobatse ("The Lobatse Prospect"). The Lobatse Prospect is located 40 km east of the K. Hill Prospect. The Lobatse Prospect, along with the K. Hill prospect and the Otse Prospect near the town of Otse, are all located within the boundaries of the Kanye Project area.

All licences have an initial expiry date of December 31, 2019, except for the Lobatse Prospect licence which has an initial expiry December 31, 2020. The licences have minimum aggregated Botswana Pula expenditures of BWP25,450,000 (approximately \$3,043,000) by December 31, 2019 and additional expenditures of BWP2,950,000 (approximately \$350,000) by December 31, 2020 and can be renewed prior to the initial expiry date. The majority of the current expenditures, as shown below, are expected to qualify towards the minimum required expenditures.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 4. Exploration and evaluation assets (continued)

The following table shows the continuity of the acquisition costs and expenditures incurred on the Kanye Project:

	<b>Kanye Project</b>
Balance, December 31, 2016	\$ -
Acquisition costs	965,241
Current expenditures	123,488
Balance, December 31, 2017	\$ 1,088,729
Current expenditures	766,140
Foreign exchange	(35,052)
Balance, September 30, 2018	\$ 1,819,817

### South Africa

#### *Rock Island Gold Project*

Pursuant to the joint operation agreement relating to the assets of Rock Island, the Company funds the joint operation with Corridor Mining Resources ("CMR") on a 50:50 basis, whereby both parties are to share the costs evenly on an ongoing basis. Exploration costs are recorded in a loan account where interest is accrued at an agreed upon rate. This loan will be repaid out of proceeds from the sale of the Rock Island asset. The loan is unsecured, with no fixed repayment terms and bears interest at South African prime +1%. As at September 30, 2018, the Company had advanced \$1,748,823 to Rock Island for exploration work.

The Company's exploration permits expired on July 10, 2015. Prior to expiry, an application to extend for a three year retention permit was submitted to the Department of Mineral Resources (the "DMR"). This application was submitted by Giyani's partner CMR. At the time, no competing applications were submitted. The DMR confirmed receipt of the application on May 4, 2016. For accounting purposes, the Company continues to present the Rock Island Gold Project at \$nil.

The Company continues to work towards recovering the loan receivable (approximately \$735,000) owed to it by CMR, its joint venture partner on the Rock Island Gold Project. Given the uncertainty of collectability, no amounts have been setup as receivable in these unaudited condensed interim consolidated financial statements.

### 5. Investment in associate

On September 23, 2016, as a result of the deconsolidation of Canoe, an equity investment in Canoe of \$906,952 was recorded based on the fair value of the shares held on that date. During the year ended December 31, 2017, Canoe issued additional common shares. As a result the Company's ownership in Canoe decreased from 33.3% to 23.7%.

On January 29, 2018, the Company sold 2,800,000 common shares of Canoe for proceeds of \$350,000, resulting in a gain on disposal of shares of associate of \$243,197. As a result, the Company's ownership in Canoe decreased to 19.7%.

During the nine months ended September 30, 2018, the Company's share of the losses of Canoe of \$34,696 has been recorded in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 5. Investment in associate (continued)

The continuity of investment in associate is as follows:

	Investment in associate
Balance, December 31, 2016	\$ 795,627
Loss pick-up from associate during the period	(163,499)
Balance, December 31, 2017	632,128
Loss pick-up from associate during the period	(34,696)
Disposal	(106,803)
Balance, September 30, 2018	\$ 490,629

The fair value of the Company's investment in Canoe as at September 30, 2018 was approximately \$1,916,600 (December 31, 2017 - \$3,298,000).

The table below discloses selected financial information of Canoe on a 100% basis. The Company's ownership in Canoe is 19.7%.

	September 30, 2018	December 31, 2017
Loss and comprehensive loss for the period ended	\$ 173,540	\$ 533,684
Total assets	\$ 1,184,914	\$ 1,348,955
Total liabilities	\$ 588,719	\$ 586,265

### 6. Other liabilities

During the year ended December 31, 2017, the Company transferred \$106,943 of accounts payable (the "Statute-barred Claims") to other liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (Ontario). The Statute-barred Claims related to expenses billed by and third party liabilities incurred by prior management of the Company prior to December 2015. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

### 7. Share capital

#### a) Authorized share capital

Unlimited number of common shares without par value.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 7. Share capital (continued)

#### b) Issued share capital

The following is a continuity of shares issued:

	Shares	Amount
<b>Balance, December 31, 2016</b>	<b>67,470,980</b>	<b>\$ 19,066,321</b>
Private placement (i)	3,521,572	1,232,550
Valuation of warrants issued in private placement (i)	-	(190,646)
Share issuance costs (i)	-	(19,348)
Shares issued for exploration and evaluation assets (iii)	2,000,000	730,000
Shares issued for settlement of debt (ii)	1,029,186	329,340
Exercise of stock options (Note 8)	380,000	50,000
Fair value reclassified upon exercise of stock option	-	42,475
<b>Balance, September 30, 2017</b>	<b>74,401,738</b>	<b>\$ 21,240,692</b>
<b>Balance, December 31, 2017</b>	<b>74,571,738</b>	<b>\$ 21,316,713</b>
Private placement (iv)	7,207,890	1,982,170
Share issuance costs (iv)	-	(59,988)
Valuation of warrants issued in private placement (iv)	-	(656,605)
<b>Balance, September 30, 2018</b>	<b>81,779,628</b>	<b>\$ 22,582,290</b>

(i) On March 14, 2017, the Company closed a non-brokered private placement of 3,521,572 units for total gross proceeds of \$1,232,550. Each unit consisted of one common share of Giyani at a price of \$0.35 per share and one half of a share purchase warrant exercisable at \$0.70 for a period of 18 months from the date of issuance. Total transaction costs of \$19,348 were incurred including a finders' fee of \$6,300. The 1,760,786 warrants were assigned a fair value of \$190,646, net of the allocated transaction costs, which was determined using the Black-Scholes option pricing model using the following assumptions: share price - \$0.37, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 119%; risk-free interest rate - 0.82%; and an expected life - 1.5 years.

An officer and director of the Company subscribed for 205,714 units in the private placement for gross proceeds of \$72,000.

(ii) On July 11, 2017, the Company issued 1,029,186 common shares in settlement of a total of \$329,340 owing at a market price of \$0.32 per share. 966,686 of these shares were issued to officers and directors of the Company in settlement of \$309,340 owed.

(iii) On July 13, 2017, the Company issued 2,000,000 common shares for the acquisition of 100% interest in Menzi, a company incorporated in accordance with the laws of Botswana in relation to the acquisition of prospecting licences from Marcelle (note 4).

(iv) On February 8, 2018, the Company closed a non-brokered private placement of 7,207,890 units for total gross proceeds of \$1,982,170. Each unit consisted of one common share of Giyani at a price of \$0.275 per share and one half of a share purchase warrant exercisable at \$0.40 for a period of 18 months from the date of issuance. Total transaction costs of \$59,988 were incurred including finders' fees of \$43,374.

The 3,603,942 warrants and 157,723 finders' warrants were assigned a fair value of \$629,150 and \$27,455, respectively, which was determined using the Black-Scholes option pricing model using the following weighted average assumptions: share price - \$0.37, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 119%; risk-free interest rate - 0.82%; and an expected life - 1.5 years.

Officers and directors of the Company subscribed for 1,187,291 units in the private placement for gross proceeds of \$326,505.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 8. Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSXV, under which the Board of Directors of the Company may grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares provided the number of shares reserved for issuance under the stock option plan shall not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to five years from the date of grant. The Board of Directors determines the price per common share and the number of common shares, which may be allotted to directors, officers, employees and consultants, and all other terms and conditions of the option, subject to the rules of the TSXV.

Stock option transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2016	3,275,000	\$ 0.33
Expired	(425,000)	1.30
Granted (i)	1,550,000	0.34
Exercised	(380,000)	0.13
Balance, September 30, 2017	4,020,000	\$ 0.25
Balance, December 31, 2017	4,900,000	\$ 0.27
Expired	(650,000)	0.32
Granted (ii), (iii), (iv)	3,200,000	0.28
Balance, September 30, 2018	7,450,000	\$ 0.27

(i) On May 1, 2017, the Company granted 1,550,000 stock options to certain directors, officers and consultants with each option exercisable into one common share of the Company at an exercise price of \$0.34 per share until May 1, 2022. A fair value of \$423,406 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.33, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 122%; risk-free interest rate - 0.92%; and an expected life - 5 years. The options vested immediately.

(ii) On April 25, 2018, the Company granted 350,000 stock options to a director with each option exercisable into one common share of the Company at an exercise price of \$0.23 per share until April 25, 2023. A fair value of \$68,845 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.23, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 128%; risk-free interest rate - 2.18%; and an expected life - 5 years. The options vested immediately.

(iii) On May 29, 2018, the Company granted 200,000 stock options to a consultant with each option exercisable into one common share of the Company at an exercise price of \$0.35 per share until May 29, 2023. A fair value of \$39,620 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.24, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 128%; risk-free interest rate - 2.03%; and an expected life - 5 years. The options vest over a 12-month period in stages of 25% after each 3-month period.

(iv) On September 28, 2018, the Company granted 2,650,000 stock options to certain directors, officers and consultants with each option exercisable into one common share of the Company at an exercise price of \$0.28 per share until September 28, 2023. A fair value of \$639,445 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.28, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 130%; risk-free interest rate - 2.33%; and an expected life - 5 years. 1,950,000 of the options vested immediately, 350,000 vest on the announcement of a Board of Directors approved reserve in Botswana and 350,000 vest on a Board of Directors decision to proceed to a mine plan in Botswana.

# GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

## 8. Stock options (continued)

Stock options outstanding as at September 30, 2018:

Expiry date	Exercise price (\$)	Remaining contractual life (years)	Total options	Options exercisable
March 4, 2019	0.25	0.42	400,000	400,000
June 24, 2021	0.10	2.73	1,050,000	1,050,000
August 3, 2021	0.31	2.84	650,000	650,000
May 1, 2022	0.34	3.59	1,400,000	1,400,000
November 28, 2022	0.30	4.16	750,000	750,000
April 25, 2023	0.23	4.57	350,000	350,000
May 29, 2023	0.35	4.66	200,000	50,000
September 28, 2023	0.28	5.00	2,650,000	-
			7,450,000	4,650,000

## 9. Warrants

Warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price (\$)
Balance, December 31, 2016	-	-
Issued (note 7(b)(i))	1,760,786	0.70
Balance, September 30, 2017	1,760,786	0.70
Balance, December 31, 2017	1,760,786	0.70
Issued (note 7(b)(ii))	3,761,665	0.40
Expired	(1,760,786)	0.70
Balance, September 30, 2018	3,761,665	0.40

Warrants outstanding as at September 30, 2018:

Expiry date	Exercise price (\$)	Remaining contractual life (years)	Warrants exercisable
August 7, 2019	0.40	0.85	3,698,965
August 8, 2019	0.40	0.85	62,700
			3,761,665

## 10. Related party transactions

Management and consulting fees of \$167,831 and \$470,081 (three and nine months ended September 30, 2017 - \$79,360 and \$202,572) were paid or accrued to officers and directors of the Company or to companies controlled by officers or directors of the Company during the three and nine months ended September 30, 2018.

# GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

## 10. Related party transactions (continued)

The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three and nine months ended September 30, 2018, the Company paid or accrued professional fees of \$8,053 and \$33,786 (three and nine months ended September 30, 2017 - \$7,971 and \$24,246) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. MSSI also provides bookkeeping services to the Company. As at September 30, 2018, MSSI was owed \$3,022 (December 31, 2017 - \$5,970) with respect to services provided. The balance owed was recorded in the consolidated statement of financial position as amounts due to related parties.

As at September 30, 2018, the Company owed \$25,109 (December 31, 2017 - \$85,242) to directors and officers of the Company and entities controlled by or associated with directors and officers of the Company. These amounts were included in due to related parties.

Refer to note 5 for sale of Canoe shares.

Refer to note 7(b) for insider's participation in private placements.

As at September 30, 2018, the Company had \$95,436 (December 31, 2017 - \$96,814) receivable from Canoe.

Additional remuneration of officers and directors of the Company was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Stock-based compensation	\$ 417,299	\$ -	\$ 486,144	\$ 341,458

## 11. Corporate, general and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Professional fees	\$ 124,175	\$ 99,583	\$ 364,519	\$ 261,196
Salaries and benefits	74,117	14,192	208,168	67,557
Stock-based compensation	481,980	-	596,599	423,406
Regulatory fees	7,733	11,083	33,036	54,887
Shareholder information	91,013	48,893	247,929	166,431
Travel	48,146	13,083	155,768	33,575
General and administrative	42,661	16,328	77,257	49,723
	\$ 869,825	\$ 203,162	\$ 1,683,276	\$ 1,056,775

## 12. Segmented information

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Company's Chief Executive Officer.

The Company has three operating segments: the exploration, evaluation and development of manganese and precious metal mining projects located in Botswana ("Botswana Mining") and South Africa ("South Africa Mining"). The rest of the entities within the Company are grouped into a secondary segment ("Corporate").

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 12. Segmented information (continued)

The segmental report is as follows:

September 30, 2018	Botswana Mining	South Africa Mining	Corporate	Total
Total assets	\$ 1,932,416	\$ -	\$ 930,874	\$ 2,863,290
Total liabilities	2,352	112,457	263,241	378,050
Net loss	6,650	-	1,457,058	1,463,708

December 31, 2017	Botswana Mining	South Africa Mining	Corporate	Total
Total assets	\$ 1,088,729	\$ -	\$ 1,108,724	\$ 2,197,453
Total liabilities	-	125,514	384,800	510,314
Net loss	-	7,678	1,316,331	1,324,009

### 13. Commitments

#### Break Fee Receivable

On October 14, 2015, the Company signed a letter of intent ("LOI") with Crystal Capital Wealth Corporation ("Crystal"). The LOI proposes a transaction pursuant to which the Company would acquire all the issued and outstanding securities of Crystal by means of a Reverse Takeover and Change of Business (the "Transaction").

On March 31, 2016, the Company and Crystal terminated the indicative LOI as it has expired. Under the terms of the Agreement, Giyani is entitled to and will pursue collecting the US\$250,000 break fee. Crystal loaned the Company \$35,000 which will be deducted from the break fee owing. Given the uncertainty of collectability, no amounts have been setup as receivable in these unaudited condensed interim consolidated financial statements.

#### Loan Receivable

The Company continues to work towards recovering the funds (approximately \$735,000) owed to it by CMR, its joint venture partner on the Rock Island Gold Project. Given the uncertainty of collectability, no amounts have been setup as receivable in these unaudited condensed interim consolidated financial statements.

#### Commitments to Management Compensation

During the year ended December 31, 2017, the Company signed two consulting agreements with each of the President and CEO of the Company. Under the agreements, which each may be extended for one additional year, the Company is committed to the following minimum payments:

2018	\$	94,500
2019		250,833
	\$	345,333

As part of the agreements, in the event of a change of control, the Company shall pay the consultants a lump sum payment equal to 12 months compensation, which totals \$378,000.