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# **GIYANI METALS CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2019**

**(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, 2019 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, 2019	December 31, 2018
<b>Assets</b>		
Current assets		
Cash	\$ 199,046	\$ 21,107
Held for sale asset (note 4)	341,716	-
Amounts receivable	94,224	49,439
Amounts due from related party (note 10)	100,949	95,847
Prepays	41,947	55,631
Total current assets	777,882	222,024
Equipment (note 3)	18,718	17,217
Investment in associate (note 5)	-	390,310
Exploration and evaluation assets (note 4)	2,282,910	1,973,221
<b>Total Assets</b>	<b>\$ 3,079,510</b>	<b>\$ 2,602,772</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 893,717	\$ 401,869
Other liabilities (note 6)	106,943	106,943
Amounts due to related parties (note 10)	216,606	85,455
<b>Total Liabilities</b>	<b>1,217,266</b>	<b>594,267</b>
<b>Equity</b>		
Share capital (note 7 (b))	23,251,844	22,795,562
Contributed surplus	6,500,363	6,481,999
Warrants (note 9)	4,793,950	4,727,212
Cumulative translation adjustment	(139,302)	(110,394)
Deficit	(32,544,611)	(31,885,874)
	1,862,244	2,008,505
<b>Total Liabilities and Equity</b>	<b>\$ 3,079,510</b>	<b>\$ 2,602,772</b>

Nature of operations and going concern (note 1)  
Commitments and contingencies (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,	
	2019	2018	2019	2018
<b>Expenses</b>				
Corporate, general and administration (note 11)	\$ 337,531	\$ 869,825	\$ 1,171,237	\$ 1,683,276
Depreciation (note 3)	1,022	1,378	3,066	4,134
<b>Net loss before interest and other items</b>	<b>338,553</b>	<b>871,203</b>	<b>1,174,303</b>	<b>1,687,410</b>
Foreign exchange loss	-	(10,089)	3,284	(7,107)
Gain on debt settlement	-	-	-	(8,094)
Loss from associate (note 5)	-	9,579	-	34,696
Loss (gain) on disposal of shares of associate (note 5)	-	-	16,784	(243,197)
Recovery of impairment of exploration and evaluation assets (note 4)	(535,634)	-	(535,634)	-
<b>Net (income) loss for the period</b>	<b>\$ (197,081)</b>	<b>\$ 870,693</b>	<b>\$ 658,737</b>	<b>\$ 1,463,708</b>
<b>Other comprehensive loss</b>				
Items that may be subsequently reclassified to profit and loss:				
Currency translation adjustment	19,294	23,793	28,908	67,050
<b>Comprehensive (income) loss for the period</b>	<b>\$ (177,787)</b>	<b>\$ 894,486</b>	<b>\$ 687,645</b>	<b>\$ 1,530,758</b>
<b>Basic diluted (income) loss per share</b>	<b>\$ (0.00)</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.02</b>
<b>Weighted average number of shares outstanding</b>	<b>84,425,485</b>	<b>81,779,628</b>	<b>83,553,224</b>	<b>80,766,332</b>

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, 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
Balance, December 31, 2018	81,779,628	\$ 22,795,562	\$ 6,481,999	\$ 4,727,212	\$ -	\$ (110,394)	\$ (31,885,874)	\$ 2,008,505
Private placement, net of costs	2,678,250	352,332	-	66,738	-	-	-	419,070
Exercise of stock options	550,000	55,000	-	-	-	-	-	55,000
Fair value reclassified upon exercise of stock options	-	48,950	(48,950)	-	-	-	-	-
Stock-based compensation	-	-	67,314	-	-	-	-	67,314
Currency translation adjustment	-	-	-	-	-	(28,908)	-	(28,908)
Net loss for the period	-	-	-	-	-	-	(658,737)	(658,737)
Balance, September 30, 2019	85,007,878	\$ 23,251,844	\$ 6,500,363	\$ 4,793,950	\$ -	\$ (139,302)	\$ (32,544,611)	\$ 1,862,244

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,	
	2019	2018
<b>Operating Activities</b>		
Net loss for the period	\$ (658,737)	\$ (1,463,708)
Recovery of impairment of exploration and evaluation asset	(535,634)	-
Depreciation	3,066	4,134
Foreign exchange	-	(22,154)
Stock-based compensation	67,314	596,599
Loss (gain) on disposal of shares of associate	16,784	(243,197)
Gain on debt settlement	-	(8,094)
Loss from associate	-	34,696
Net change in non-cash working capital:		
Funds held in trust	-	139,497
Amounts receivable	(44,785)	27,163
Amounts due from related party	(5,102)	1,378
Prepaid expenses	13,684	(36,633)
Accounts payable and accrued liabilities	491,848	(69,183)
Amounts due to related parties	131,151	(63,081)
<b>Cash used in operating activities</b>	<b>(520,411)</b>	<b>(1,102,583)</b>
<b>Investing Activities</b>		
Purchase of property plant and equipment	(4,567)	-
Exploration and evaluation asset expenditures	(309,689)	(766,140)
Cash proceeds from sale of held for sale assets, net	193,918	-
Proceeds on disposal of investment in associate	373,526	350,000
<b>Cash provided (used in) from investing activities</b>	<b>253,188</b>	<b>(416,140)</b>
<b>Financing Activities</b>		
Proceeds on issuance of shares, net of issuance costs	419,070	1,732,260
Proceeds from exercise of stock options	55,000	-
<b>Cash provided by financing activities</b>	<b>474,070</b>	<b>1,732,260</b>
<b>Effect of foreign exchange on cash</b>	<b>(28,908)</b>	<b>(1,750)</b>
<b>Change in cash during the period</b>	<b>177,939</b>	<b>211,787</b>
<b>Cash, beginning of the period</b>	<b>21,107</b>	<b>97,682</b>
<b>Cash, end of the period</b>	<b>\$ 199,046</b>	<b>\$ 309,469</b>

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, 2019

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of operations and going concern

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 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 1155 North Service Road West Unit 11 Oakville, Ontario, L6M 3E3. During the nine months ended September 30, 2019 the Company changed its trading symbol under the TSX Venture Exchange ("TSXV") to "EMM". The Company previously traded on the TSXV under the symbol "WDG".

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.

These unaudited condensed interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company reported a net loss of \$658,737 for the nine months ended September 30, 2019 (nine months ended September 30, 2018 - \$1,463,708) and had an accumulated deficit of \$32,544,611 at September 30, 2019 (December 31, 2018 - \$31,885,874). The Company has negative working capital of \$439,384 (December 31, 2018 - \$372,243). The continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

### 2. Basis of preparation

#### *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, 2018, 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 were authorized for issuance by the Board of Directors of the Company on November 14, 2019.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

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### 2. Basis of preparation (continued)

#### *New standards adopted*

##### (a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

At January 1, 2019, the Company adopted the following:

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of any termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

There was no material impact as a result of the adoption of this standard by the Company.

# GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2019  
(Expressed in Canadian Dollars)  
(Unaudited)

## 2. Basis of preparation (continued)

*New standards adopted (continued)*

### (b) Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

## 3. Equipment

Cost	Furniture and Fixture	Mining and Exploration	Computer Equipment	Equipment	Total
Balance, December 31, 2017, and December 31, 2018	\$ 31,186	\$ 21,724	\$ 21,175	\$ 32,743	\$ 106,828
Additions	4,567	-	-	-	4,567
September 30, 2019	\$ 35,753	\$ 21,724	\$ 21,175	\$ 32,743	\$ 111,395

### Accumulated depreciation

Balance, December 31, 2017	\$ 23,925	\$ 21,724	\$ 21,175	\$ 17,275	\$ 84,099
Depreciation for the period	2,420	-	-	3,092	5,512
Balance, December 31, 2018	\$ 26,345	\$ 21,724	\$ 21,175	\$ 20,367	\$ 89,611
Depreciation for the period	1,209	-	-	1,857	3,066
Balance, September 30, 2019	\$ 27,554	\$ 21,724	\$ 21,175	\$ 22,224	\$ 92,677

### Net book value

Balance, December 31, 2018	\$ 4,841	\$ -	\$ -	\$ 12,376	\$ 17,217
Balance, September 30, 2019	\$ 8,199	\$ -	\$ -	\$ 10,519	\$ 18,718

## 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, south eastern 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.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

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

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 K. Hill. The Lobatse Prospect, along with K. Hill 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.

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

	<b>Kanye Project</b>
Balance, December 31, 2017	\$ 1,088,729
Current expenditures	913,131
Foreign exchange	(28,639)
Balance, December 31, 2018	\$ 1,973,221
Current expenditures	309,689
Balance, September 30, 2019	\$ 2,282,910

### South Africa

#### *Rock Island Gold Project*

The Company had previously entered into a joint operation agreement relating to the assets of Rock Island, the Company funded the joint operation with Corridor Mining Resources ("CMR") on a 50:50 basis, whereby both parties were to share the costs evenly on an ongoing basis. The joint operation was operated through Rock Island Trading 17 (Pty) Ltd. (2); a company incorporated in South Africa for which Giyani had 28.8% effective ownership.

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 had previously recorded the Rock Island Gold Project at \$nil, with an impairment of the full carrying amount reported as a loss in previous periods.

During the period, the Company signed a sale of shares agreement with CMR to sell the Company's effective interest of 28.8% in Rock Island Trading 17 (Pty) Ltd. (2). The sale of shares agreement resulted in the Company recording a recovery of impairment on exploration and evaluation assets of \$535,634 in the statement of comprehensive loss. The receipt of funds will occur in two tranches; one-third immediately on signing of agreement (received) and two-thirds on closing of the agreement which is subject to the DMR approving a Section 11 filing (awaiting approval).

As a result of the sale of shares agreement being executed during the period, the fair value of the shares not yet transferred to CMR have been recorded as a held for sale asset in the Statement of Financial Position.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

### 5. Investment in associate

On September 23, 2016, as a result of the deconsolidation of Canoe Mining Ventures Corp ("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%.

During the nine months ended September 30, 2019, the Company liquidated all the common shares held of Canoe for proceeds of \$373,526, net of costs of \$3,809, resulting in a loss on disposal of shares of associate of \$16,784. As a result of this sale, the Company ceases to have an ownership interest in Canoe.

The continuity of investment in associate is as follows:

	<b>Investment in associate</b>
Balance, December 31, 2017	\$ 632,128
Loss pick-up from associate during the year	(135,015)
Disposal	(106,803)
Balance, December, 31, 2018	390,310
Disposal	(390,310)
Balance, September 30, 2019	\$ -

### 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.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

### 7. Share capital

#### a) Authorized share capital

Unlimited number of common shares without par value.

#### b) Issued share capital

The following is a continuity of shares issued:

	Shares	Amount
<b>Balance, December 31, 2017</b>	<b>74,571,738</b>	<b>\$ 21,316,713</b>
Private placement (i)	7,207,890	1,982,170
Valuation of warrants issued in private placement (i)	-	(656,605)
Share issuance costs (i)	-	(59,988)
<b>Balance, September 30, 2018</b>	<b>81,779,628</b>	<b>\$ 22,582,290</b>
<b>Balance, December 31, 2018</b>	<b>81,779,628</b>	<b>\$ 22,795,562</b>
Private placement (ii)	2,678,250	428,520
Fair value of warrants issued in private placement (ii)	-	(65,907)
Fair value of finder warrants issued in private placement (ii)	-	(831)
Exercise of stock options (iii)	550,000	55,000
Fair value reclassified upon exercise of stock options (iii)	-	48,950
Share issuance costs (ii)	-	(9,450)
<b>Balance, September 30, 2019</b>	<b>85,007,878</b>	<b>\$ 23,251,844</b>

(i) 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 3,603,945 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. Related parties settled \$69,755 of debt in conjunction with the private placement.

(ii) On April 24, 2019, the Company closed a non-brokered private placement of 2,678,250 units for total gross proceeds of \$428,520. Each unit consisted of one common share of Giyani at a price of \$0.16 per share and one half of a share purchase warrant exercisable at \$0.275 for a period of 18 months from the date of issuance. As a result of the placement, \$9,450 in finders' fees were paid.

The 1,339,125 full warrants and 16,875 finders' warrants were assigned a fair value of \$65,907 and \$831, respectively, which was determined using the Black-Scholes option pricing model using the following weighted average assumptions: share price - \$0.11, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 144%; risk-free interest rate - 1.71%; and an expected life - 1.5 years.

Officers and directors of the Company subscribed for 640,750 units in the private placement for gross proceeds of \$102,520. Related parties settled \$15,840 of debt in conjunction with the private placement.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

### 7. Share capital (continued)

(iii) During the nine months ended September 30, 2019, former Directors exercised 550,000 stock options exercisable at \$0.10 for total gross proceeds of \$55,000. As a result of the exercise, the fair value attributable to the options exercised was moved to share capital in the amount of \$48,950.

### 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:

	<b>Number of stock options outstanding</b>	<b>Weighted average exercise price</b>
Balance, December 31, 2017	4,900,000	\$ 0.27
Granted (i), (ii)	550,000	0.27
Balance, September 30, 2018	5,450,000	\$ 0.27
Balance, December 31, 2018	7,450,000	\$ 0.25
Exercised (note 7)	(550,000)	0.10
Expired	(400,000)	0.25
Balance, September 30, 2019	6,500,000	\$ 0.28

(i) 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 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 and as such, \$68,845 has been recognized as stock-based compensation expense.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

### 8. Stock options (continued)

(ii) 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 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. In the current year, \$46,708 has been recognized as stock-based compensation expense.

Stock options outstanding as at September 30, 2019:

Expiry date	Exercise price (\$)	Remaining contractual life (years)	Total options	Options exercisable
June 24, 2021	0.10	1.73	500,000	500,000
August 3, 2021	0.31	1.84	650,000	650,000
May 1, 2022	0.34	2.59	1,400,000	1,400,000
November 28, 2022	0.30	3.16	750,000	750,000
April 25, 2023	0.23	3.57	350,000	350,000
May 29, 2023	0.35	3.66	200,000	100,000
September 28, 2023	0.28	4.00	2,650,000	1,950,000
			6,500,000	5,700,000

### 9. Warrants

Warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price (\$)
Balance, December 31, 2017	1,760,789	0.70
Issued (note 7(b)(i))	3,761,665	0.40
Balance, September 30, 2018	5,522,454	0.50
Balance, December 31, 2018	3,761,665	0.40
Issued (note 7(b)(ii))	1,356,000	0.28
Expired	(3,761,665)	0.40
Balance, September 30, 2019	1,356,000	0.28

# GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements  
 September 30, 2019  
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## 9. Warrants (continued)

Warrants outstanding as at September 30, 2019:

Expiry date	Exercise price (\$)	Remaining contractual life (years)	Warrants exercisable
October 23, 2020	0.275	1.32	1,339,125
October 18, 2020 (finder warrants)	0.275	1.32	16,875
			1,356,000

## 10. Related party transactions

Management and consulting fees of \$94,500 and \$292,000 (three and nine months ended September 30, 2018 - \$167,831 and \$470,081) 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, 2019.

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, 2019, the Company paid or accrued professional fees of \$8,052 and \$29,347 (three and nine months ended September 30, 2018 - \$8,053 and \$33,786) 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, 2019, MSSI was owed \$31,666 (December 31, 2018 - \$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, 2019, the Company owed \$184,940 (December 31, 2018 - \$91,212) to directors and officers of the Company and entities controlled by or associated with directors and officers of the Company.

Refer to note 5 for sale of Canoe shares. As at September 30, 2019, the Company had \$100,949 (December 31, 2018 - \$95,847) receivable from Canoe.

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

## 11. Corporate, general and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Professional fees	\$ 111,975	\$ 124,175	\$ 469,807	\$ 364,519
Salaries and benefits	18,015	74,117	136,074	208,168
Stock-based compensation	20,606	481,980	67,314	596,599
Regulatory fees	9,318	7,733	35,103	33,036
Shareholder information	117,989	91,013	246,354	247,929
Travel	42,509	48,146	161,934	155,768
General and administrative	17,119	42,661	54,651	77,257
	\$ 337,531	\$ 869,825	\$ 1,171,237	\$ 1,683,276

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

### 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").

The segmental report is as follows:

<b>September 30, 2019</b>	<b>Botswana Mining</b>	<b>South Africa Mining</b>	<b>Corporate</b>	<b>Total</b>
Total assets	\$ 2,343,711	\$ 341,716	\$ 394,083	\$ 3,079,510
Total liabilities	-	112,457	1,104,809	1,217,266
Net loss	10,411	-	648,326	658,737

<b>December 31, 2018</b>	<b>Botswana Mining</b>	<b>South Africa Mining</b>	<b>Corporate</b>	<b>Total</b>
Total assets	\$ 2,035,502	\$ -	\$ 567,270	\$ 2,602,772
Total liabilities	-	112,457	481,810	594,267
Net loss	56,786	-	1,996,234	2,053,020

### 13. Commitments and contingencies

#### 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.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

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(Unaudited)

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### 13. Commitments and contingencies (continued)

#### Term Sheet

On January 28, 2019, the Company entered into a non-binding term sheet (the "Agreement") with Traxys Africa Trading (Pty) Ltd ("Traxys" or the "Lender") which sets out terms for an investment of US \$1,000,000 in the form of a secured convertible loan facility under which Traxys will have exclusive rights to market all of the direct shipping ore ("DSO") manganese material processed and produced from the Company's K.Hill and Otse reclamation projects in Botswana.

The facility bears interest at the aggregate of 10% and the 3 month US\$ LIBOR per annum compounded quarterly with a term of 36 months. The facility will be repaid on or before the maturity by:

- the future delivery of DSO or other ore as provided for in the Agreement. The net amount (after all applicable deductions have been made) of the proceeds derived from the sale of the DSO, will be used to reduce the outstanding amount until such date as the outstanding amount has been fully repaid,
- at the sole discretion of the Lender, by the Lender exercising its right to conversion shares or,
- repayment in cash by the Corporation of any then remaining outstanding amount at maturity.

The Company, as part of the Agreement, shall pay to Traxys a commission of US \$10 per ton in respect of all material subject to the Agreement. The commission shall be deducted from the proceeds of the sale of the DSO, or other ore, in addition to any repayment deductions, and shall continue to apply for the duration of the Agreement irrespective of the outstanding amount being settled.

The outstanding amount, constituting principal and accrued interest of the facility may be converted into common shares of the Company at any time. The price per conversion share will be \$0.225. In addition, the Company will issue for no additional consideration 3,000,000 unlisted warrants all vesting immediately. Each warrant will be exercisable into one common share of the Company for a period of 36 months from the date of their issuance at an exercise price of \$0.225.

#### 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, each may be extended for one additional year, the Company is committed to the following minimum payments:

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2019	\$	94,500
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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 \$408,000.