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# **GIYANI METALS CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2020**

**(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, 2020 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, 2020	December 31, 2019
<b>Assets</b>		
Current assets		
Cash	\$ 597,310	\$ 8,758
Amounts receivable	151,969	41,778
Amounts due from related party (note 10)	-	20,000
Prepays	189,745	41,609
Total current assets	939,024	112,145
Equipment (note 3)	13,673	16,175
Exploration and evaluation assets (note 4)	2,767,373	2,267,008
<b>Total Assets</b>	<b>\$ 3,720,070</b>	<b>\$ 2,395,328</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 966,589	\$ 944,354
Other liabilities (note 6)	106,943	106,943
Amounts due to related parties (note 10)	42,904	384,459
<b>Total Liabilities</b>	<b>1,116,436</b>	<b>1,435,756</b>
<b>Equity</b>		
Share capital (note 7(b))	24,289,016	23,263,072
Contributed surplus	7,022,771	6,704,144
Warrants (note 9)	6,328,856	4,806,273
Cumulative translation adjustment	(187,466)	(128,066)
Deficit	(34,849,543)	(33,685,851)
	2,603,634	959,572
<b>Total Liabilities and Equity</b>	<b>\$ 3,720,070</b>	<b>\$ 2,395,328</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.

# 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,	
	2020	2019	2020	2019
<b>Expenses</b>				
Corporate, general and administration (note 11)	\$ 670,073	\$ 337,531	\$ 1,184,439	\$ 1,171,237
Depreciation (note 3)	2,539	1,022	7,145	3,066
<b>Net loss before interest and other items</b>	<b>672,612</b>	<b>338,553</b>	<b>1,191,584</b>	<b>1,174,303</b>
Foreign exchange loss (gain)	25,898	-	17,834	3,284
Gain on debt settlement	-	-	(45,726)	-
Loss on disposal of shares of associate (note 5)	-	-	-	16,784
Gain on sale of Rock Island Trading (Pty) Ltd. (note 4)	-	(535,634)	-	(535,634)
<b>Net loss for the period</b>	<b>\$ 698,510</b>	<b>\$ (197,081)</b>	<b>\$ 1,163,692</b>	<b>\$ 658,737</b>
<b>Other comprehensive loss</b>				
Items that may be subsequently reclassified to profit and loss:				
Currency translation adjustment	93,204	19,294	59,400	28,908
<b>Comprehensive loss for the period</b>	<b>\$ 791,714</b>	<b>\$ (177,787)</b>	<b>\$ 1,223,092</b>	<b>\$ 687,645</b>
<b>Basic diluted loss per share</b>	<b>\$ 0.01</b>	<b>\$ (0.00)</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Weighted average number of shares outstanding</b>	<b>103,573,886</b>	<b>84,425,485</b>	<b>93,769,427</b>	<b>83,553,224</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)

	Number	Share Capital Amount	Contributed Surplus	Warrants	Cumulative Translation Adjustment	Deficit	Total
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
Balance, December 31, 2019	85,424,211	\$ 23,263,072	\$ 6,704,144	\$ 4,806,273	\$ (128,066)	\$ (33,685,851)	\$ 959,572
Private placement, net of costs	24,600,000	774,368	-	1,575,338	-	-	2,349,706
Shares issued for debt settlement	1,829,023	146,321	-	-	-	-	146,321
Stock-based compensation	-	-	318,627	-	-	-	318,627
Exercise of warrants	525,000	105,255	-	(52,755)	-	-	52,500
Currency translation adjustment	-	-	-	-	(59,400)	-	(59,400)
Net loss for the period	-	-	-	-	-	(1,163,692)	(1,163,692)
Balance, September 30, 2020	112,378,234	\$ 24,289,016	\$ 7,022,771	\$ 6,328,856	\$ (187,466)	\$ (34,849,543)	\$ 2,603,634

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,	
	2020	2019
<b>Operating Activities</b>		
Net loss for the period	\$ (1,163,692)	\$ (658,737)
Depreciation	7,145	3,066
Stock-based compensation	318,627	67,314
Loss on disposal of shares of associate	-	16,784
Gain on debt settlement	(45,726)	-
Gain on sale of Rock Island (Pty) Ltd.	-	(535,634)
Unrealized foreign exchange loss	(59,400)	(28,911)
Net change in non-cash working capital:		
Amounts receivable	(110,191)	(44,785)
Amounts due from related party	20,000	(5,102)
Prepaid expenses	(148,136)	13,684
Accounts payable and accrued liabilities	214,282	601,268
Amounts due to related parties	(341,555)	21,731
<b>Cash used in operating activities</b>	<b>(1,308,646)</b>	<b>(549,322)</b>
<b>Investing Activities</b>		
Purchase of property plant and equipment	(4,643)	(4,567)
Exploration and evaluation asset expenditures	(500,365)	(309,689)
Cash proceeds from sale of held for sale assets, net	-	193,918
Proceeds on disposal of investment in associate	-	373,526
<b>Cash provided (used in) by investing activities</b>	<b>(505,008)</b>	<b>253,188</b>
<b>Financing Activities</b>		
Proceeds on issuance of shares, net of issuance costs	2,349,706	419,070
Proceeds from exercise of stock options	52,500	55,000
<b>Cash provided by financing activities</b>	<b>2,402,206</b>	<b>474,070</b>
<b>Change in cash during the year</b>	<b>588,552</b>	<b>177,936</b>
<b>Cash, beginning of the period</b>	<b>8,758</b>	<b>21,107</b>
<b>Cash, end of the period</b>	<b>\$ 597,310</b>	<b>\$ 199,043</b>
<b>Supplemental cash flow information:</b>		
Shares issued for settlement of debt (note 7)	\$ 146,321	\$ -

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, 2020

(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 assets within the Kanye Basin in south eastern Botswana, Africa (the "Kanye Project"). The registered address is Suite 600, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Company uses the trading symbol under the TSX Venture Exchange ("TSXV") "EMM".

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 \$1,163,692 for the nine months ended September 30, 2020 (nine months ended September 30, 2019 - \$658,737) and had an accumulated deficit of \$34,849,543 as at September 30, 2020 (December 31, 2019 - \$33,685,851). The Company has negative working capital of \$177,412 (December 31, 2019 - \$1,323,611). 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.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The Company is monitoring the business environment as a result to ensure minimal distribution to business operations.

### 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, 2019, 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, 2020 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 18, 2020.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### 2. Basis of preparation (continued)

#### *New standards adopted*

##### *Definition of a Business (Amendments to IFRS 3)*

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business

There was no material impact to the unaudited condensed interim consolidated financial statement of the Company as a result of the adoption of this policy.

#### *New standards not yet adopted*

##### *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 3. Equipment

Cost	Furniture and Fixture	Mining and Exploration	Computer Equipment	Equipment	Total
Balance, December 31, 2018	\$ 31,186	\$ 21,724	\$ 21,175	\$ 32,743	\$ 106,828
Additions	-	-	4,567	-	4,567
Balance, December 31, 2019	\$ 31,186	\$ 21,724	\$ 25,742	\$ 32,743	\$ 111,395
Additions	4,643	-	-	-	4,643
Balance, September 30, 2020	\$ 35,829	\$ 21,724	\$ 25,742	\$ 32,743	\$ 116,038

#### Accumulated depreciation

Balance, December 31, 2018	\$ 26,345	\$ 21,724	\$ 21,175	\$ 20,367	\$ 89,611
Depreciation for the period	1,612	-	1,521	2,476	5,609
Balance, December 31, 2019	\$ 27,957	\$ 21,724	\$ 22,696	\$ 22,843	\$ 95,220
Depreciation for the period	1,894	-	3,046	2,205	7,145
Balance, September 30, 2020	\$ 29,851	\$ 21,724	\$ 25,742	\$ 25,048	\$ 102,365

#### Net book value

Balance, December 31, 2019	\$ 3,229	\$ -	\$ 3,046	\$ 9,900	\$ 16,175
Balance, September 30, 2020	\$ 5,978	\$ -	\$ -	\$ 7,695	\$ 13,673

### 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 BWP980,000 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 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 had 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 dates. During the three and nine months ended September 30, 2020, the government of Botswana granted the Company a two-year extension of all licenses that had an initial expiry date of December 31, 2019, except PL295, PL296, PL299 and PL300, which the Company decided to relinquish in an effort to focus its resources on the licenses with the highest economic potential. The majority of the licenses expenditures, as shown below, qualify towards the minimum required licence expenditures.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2020

(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, 2018	\$ 1,973,221
Current expenditures	358,512
Foreign exchange	(64,725)
Balance, December 31, 2019	\$ 2,267,008
Current expenditures	500,365
Balance, September 30, 2020	\$ 2,767,373

#### South Africa

##### *Rock Island Gold Project*

The Company had previously entered into a joint operation agreement relating to the assets of Rock Island Trading 17 (Pty) Ltd. (2) ("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; 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 South African 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 year ended December 31, 2019, the Company signed a sale of shares agreement ("Rock Island Agreement") with CMR to sell the Company's effective interest of 28.8% or 45 shares in Rock Island held through Lexshell 837 Investments (Pty) Ltd. ("Lexshell"). The purchase price of the sale of shares was ZAR9,555,046 (\$845,460). The receipt of funds occurs in two tranches; one third immediately on signing of agreement (received) and two thirds on closing of the agreement. The Rock Island Agreement was not completed as at September 30, 2020.

In addition, during the year ended December 31, 2019, the Company entered into a share purchase agreement with Malungani Resources (Pty) Ltd ("Malungani") to acquire Malungani's 36% ownership in Lexshell. In exchange for Malungani's 36% ownership in Lexshell, the Company and Malungani agreed on the following:

- Upon completion of the Rock Island Agreement, Lexshell wishes to transfer the sale proceeds to Giyani in settlement of certain inter-company debts.
- The Company is to issue Malungani 1,248,999 common shares of Giyani. One-third of the shares have been issued as of December 31, 2019 and the remaining two-thirds are to be issued once the Company receives the remaining proceeds from the Rock Island Agreement.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 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, 2019, the Company liquidated all common shares held of Canoe for proceeds of \$372,651, 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 ceased to have an ownership interest in Canoe.

The continuity of investment in associate is as follows:

	<b>Investment in associate</b>
Balance, December 31, 2018	\$ 390,310
Disposal	(390,310)
Balance, December 31, 2019 and September 30, 2020	-

### 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, 2020

(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, 2018</b>	<b>81,779,628</b>	<b>\$ 22,795,562</b>
Private placement (i)	2,678,250	428,520
Valuation of warrants issued in private placement (i)	-	(79,892)
Share issuance costs (i)	-	(51,681)
Exercise of stock options (ii)	550,000	55,000
Fair value reclassified upon exercise of stock option	-	48,950
<b>Balance, September 30, 2019</b>	<b>85,007,878</b>	<b>\$ 23,196,459</b>
<b>Balance, December 31, 2019</b>	<b>85,424,211</b>	<b>\$ 23,263,072</b>
Private placement (iv) (v) (vi)	24,600,000	2,400,000
Fair value of warrants issued in private placement (iv) (v) (vi)	-	(1,575,338)
Shares issued in settlement of debt (iii)	1,829,023	146,321
Exercise of warrants (vii)	525,000	52,500
Fair value reclassified upon exercise of warrants (vii)	-	52,755
Shares issuance costs	-	(50,294)
<b>Balance, September 30, 2020</b>	<b>112,378,234</b>	<b>\$ 24,289,016</b>

(i) On April 24, 2019, the Company closed a non-brokered private placement of 2,678,250 units at \$0.16 per unit for total gross proceeds of \$428,520. Each unit consisted of one common share of Giyani 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 and \$43,062 in issuance costs were capitalized.

The 1,339,125 full warrants and 16,875 finders' warrants were assigned a fair value of \$79,061 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 875,115 units in the private placement for gross proceeds of \$140,018. Related parties settled \$91,840 of debt in conjunction with the private placement.

(ii) 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.

(iii) On May 19, 2020, the Company settled debt of \$192,048 for 1,829,023 shares of the Company at a price of \$0.105 resulting in a gain of settlement of debt of \$45,726. Directors and officers of the Company settled \$127,537 in debt as a result of this transaction.

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 7. Share capital (continued)

(iv) On May 25, 2020, the Company closed a non-brokered private placement of 15,000,000 units at \$0.08 per unit for total gross proceeds of \$1,200,000. Each unit consisted of one common share of Giyani and one half of a share purchase warrant exercisable at \$0.10 for a period of 3 years from the date of issuance.

The 7,500,000 full warrants, were assigned a fair value of \$753,648, which was determined using the Black-Scholes option pricing model using the following weighted average assumptions: share price - \$0.13, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 129.86%; risk-free interest rate - 0.22%; and an expected life - 3 years.

Directors and management of the Company subscribed to 574,375 units in connection with this placement.

(v) On September 18, 2020, the Company closed a brokered private placement of 9,600,000 units at \$0.125 per unit for total gross proceeds of \$1,200,000. Each unit consisted of one common share of Giyani and one half of a share purchase warrant exercisable at \$0.20 for a period of 18 months from the date of issuance. As a result of the placement, \$9,450 in finders' fees were paid and \$62,059 in issuance costs were capitalized.

The 4,800,000 full warrants and 355,320 finders' warrants were assigned a fair value of \$759,631 and \$62,059 respectively, which was determined using the Black-Scholes option pricing model using the following weighted average assumptions: share price - \$0.23, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 157%; risk-free interest rate - 0.24%; and an expected life - 1.5 years.

Directors and management of the Company subscribed to 2,347,668 units in connection with this placement.

(vi) On September 18, 2020, 525,000 warrants with an exercise price of \$0.10 were exercised for gross proceeds of \$52,500.

### 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, 2018	7,450,000	\$ 0.25
Exercised (note 7(ii))	(550,000)	0.10
Expired	(400,000)	0.25
Balance, September 30, 2019	6,500,000	\$ 0.28
Balance, December 31, 2019	7,137,500	\$ 0.24
Granted (i)(ii)(iii)	2,975,000	0.17
Balance, September 30, 2020	10,112,500	\$ 0.22

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### 8. Stock options (continued)

(i) On March 10, 2020, the Company granted 500,000 stock options to management with each option exercisable into one common share of the Company at an exercise price of \$0.12 per share until March 10, 2025. A fair value of \$22,379 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price - \$0.06, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 135%; risk-free interest rate - 0.73%; and an expected life - 5 years.

(ii) On July 5, 2020, the Company granted 375,000 stock options to management with each option exercisable into one common share of the Company at an exercise price of \$0.15 per share until July 5, 2025. A fair value of \$49,403 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price - \$0.15, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 138%; risk-free interest rate - 0.38%; and an expected life - 5 years.

(iii) On September 24, 2020, the Company granted 2,100,000 stock options to directors, management, and consultants with each option exercisable into one common share of the Company at an exercise price of \$0.185 per share until September 24, 2025 and 1,400,000 stock option vesting immediately and 700,000 stock option vesting 1 year and 2 years from the date of grant, and subject to certain change of control provisions. A fair value of \$398,922 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price - \$0.215, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 137%; risk-free interest rate - 0.35%; and an expected life - 5 years.

Stock options outstanding as at September 30, 2020:

Expiry date	Exercise price (\$)	Remaining contractual life (years)	Total options	Options exercisable
June 24, 2021	0.10	0.81	500,000	500,000
August 3, 2021	0.31	0.84	350,000	350,000
May 1, 2022	0.34	1.58	800,000	800,000
November 28, 2022	0.30	2.16	750,000	750,000
April 25, 2023	0.23	2.57	350,000	350,000
September 28, 2023	0.28	2.99	2,387,500	2,387,500
November 18, 2024	0.15	4.14	2,000,000	1,300,000
March 10, 2025	0.12	4.44	500,000	500,000
July 5, 2025	0.15	4.76	375,000	375,000
September 24, 2025	0.185	4.99	2,100,000	700,000
			10,112,500	8,012,500

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### 9. Warrants

Warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price (\$)
Balance, December 31, 2018	3,761,665	0.40
Issued (note 7(b)(i))	1,356,000	0.28
Balance, September 30, 2019	5,117,665	0.37
Balance, December 31, 2019	1,356,000	0.28
Issued (note 7(b)(iv)(v))	12,655,320	0.14
Exercised	(525,000)	0.10
Balance, September 30, 2020	13,486,320	0.15

Warrants outstanding as at September 30, 2020:

Expiry date	Exercise price (\$)	Remaining contractual life (years)	Warrants exercisable
October 23, 2020	0.275	0.06	1,339,125
October 18, 2020 (finder warrants)	0.275	0.06	16,875
March 18, 2022	0.20	1.46	4,800,000
March 18, 2022 (finder warrants)	0.13	1.46	355,320
May 25, 2023	0.10	2.65	6,975,000
			13,486,320

### 10. Related party transactions

Management and consulting fees of \$137,591 and \$364,532 (three and nine months ended September 30, 2019 - \$94,500 and \$292,000) 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, 2020.

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, 2020, the Company paid or accrued professional fees of \$10,586 and \$31,318 (three and nine months ended September 30, 2019 - \$8,052 and \$29,347) 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, 2020, the Company owed \$42,904 (December 31, 2019 - \$384,459) to directors and officers of the Company and entities controlled by or associated with directors and officers of the Company. As at September 30, 2020, MSSI was owed \$12,996 (December 31, 2019 - \$47,148) with respect to services provided. The balances owed were recorded in the unaudited condensed interim consolidated statement of financial position as amounts due to related parties.

During the nine months ended September 30, 2020, the Company collected an outstanding receivable balance of \$20,000 in cash from Canoe. See note 5 for equity sale transactions with Canoe.

See note 7(i)(ii)(iii)(iv)(v).

See note 8.

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Notes to Condensed Interim Consolidated Financial Statements  
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## 11. Corporate, general and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Professional fees	\$ 233,834	\$ 111,975	\$ 534,911	\$ 469,807
Salaries and benefits	32,367	18,015	98,169	136,074
Stock-based compensation	289,261	20,606	318,627	67,314
Regulatory fees	30,136	9,318	47,682	35,103
Shareholder information	70,752	117,989	122,384	246,354
Travel	11,874	42,509	38,123	161,934
General and administrative	1,849	17,119	24,543	54,651
	<b>\$ 670,073</b>	<b>\$ 337,531</b>	<b>\$ 1,184,439</b>	<b>\$ 1,171,237</b>

## 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:

September 30, 2020	Botswana Mining	South Africa Mining	Corporate	Total
Total assets	\$ 2,776,034	\$ -	\$ 944,036	\$ 3,720,070
Total liabilities	137,708	112,454	866,274	1,116,436
Net loss	15,318	-	1,148,374	1,163,692

December 31, 2019	Botswana Mining	South Africa Mining	Corporate	Total
Total assets	\$ 2,310,856	\$ -	\$ 84,472	\$ 2,395,328
Total liabilities	-	113,961	1,321,795	1,435,756
Net loss	28,521	-	1,771,456	1,799,977

# GIYANI METALS CORP.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2020

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### 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.

#### 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.

The definitive agreement has not yet been completed and remains under discussion between both parties. Following the outbreak of COVID-19 and the ensuing global pandemic, the Company continues to review its strategy in relation to the DSO program that had been planned in 2019 for commencement in 2020. Until there is clarity of operating practices in Botswana, in order to protect the health and wellbeing of all the Company's employees, consultants and contractors, the DSO program remains under review and has not yet commenced.