

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. **Name and Address of Company**

Giyani Metals Corp. (“**Giyani**” or the “**Company**”)
2010 Winston Park Drive - Suite 200
Oakville, Ontario L6H 5R7

Item 2. **Date of Material Change**

The material change took place on 29 November 2023.

Item 3. **News Release**

On 30 November 2023 a news release in respect of the material change described herein was disseminated via GlobeNewswire.

Item 4. **Summary of Material Change**

The Company announced that it has signed definitive agreements for US\$16 million of financing with the Industrial Development Corporation of South Africa Limited (“**IDC**”) in the form of convertible loan facilities.

Item 5. **Full Description of Material Change**

The Company announced that it has signed definitive agreements for US\$16 million of financing with the IDC in the form of convertible loan facilities. Highlights include:

- The IDC financing is the cornerstone of a US\$26 million funding package that will over the next 15 months progress the Company’s K.Hill Project (“**K.Hill**” or the “**Project**”) to a Final Investment Decision (“**FID**”), including an Optimized Feasibility Study for the Project (“**Optimized FS**”) and operating the Company’s demonstration plant (“**Demonstration Plant**”) which will produce battery-grade manganese (“**HPMSM**”) for qualification testing by potential customers.
- Giyani and its wholly owned subsidiaries have secured US\$16 million via long-term convertible loan facilities with the IDC, which will enable Giyani to progress to FID, while minimising shareholder dilution at this time.
- The IDC¹ is a major South African development financing institution with over 80 years of experience investing in industrial companies and the mining sector, with US\$8.5 billion of assets and who typically invests over US\$1.0 billion each year in mining and infrastructure related projects.
- The remaining US\$10 million of funding is in the process of being secured from a strategic investor who has signed a non-binding term sheet, completed its due diligence and is currently in the final documentation stage.

¹ <https://www.idc.co.za/>

Summary of Key Terms of IDC Facility

- The US\$16 million IDC Facility (the “**IDC Facility**”) will be split into two separate facilities with similar terms attached. A US\$12.5 million convertible loan facility for use by Giyani Metals South Africa Proprietary Limited (“**GMSA**”) and a US\$3.5 million convertible loan facility for use by Menzi Battery Metals (Proprietary) Limited (“**Menzi**”), both wholly owned subsidiaries of the Company, (together, the “**IDC Facility**”). Both will be provided in South African Rand (“**ZAR**”) equivalent up to a maximum of ZAR 300,000,000.
- The IDC Facility may be drawn down in tranches by Giyani’s local subsidiaries in South Africa (GMSA) and Botswana (Menzi) to complete the final stages of construction and commissioning of the Demonstration Plant, and importantly, fund the operational phase to produce final product for off-taker testing and potential customers. Alongside this, the Optimized FS will be prepared, building on both the Feasibility Study completed in 2022 and the recently released 2023 Preliminary Economic Assessment (“**PEA**”) (see Giyani news release dated July 31, 2023) to define the final construction economics and enable FID.
- Interest will accrue in ZAR on drawn amounts on a daily basis from the relevant drawdown date, compounded monthly in arrears at the South African Prime Rate (currently 11.75%) plus 3%. The equivalent rate in US Dollar terms can be calculated using the USD/ZAR exchange rate.
- The Company will be able to draw down the funds until March 31, 2025, with any portions of the IDC Facility that have not been drawn down at that time being cancelled without penalty.
- The final repayment date of the IDC Facility, if not converted, will be 48 months from the first draw down date.
- Certain criteria are attached to the IDC Facility including (i) completion of the construction and commissioning of the Demonstration Plant by the first anniversary of the first drawdown date, provided that this date may be extended to no later than June 30, 2025, subject to Giyani demonstrating that it has secured sufficient Project development funding to achieve FID; and (ii) completion of the Optimized FS within 90 days after construction and commissioning of the Demonstration Plant has been completed and is producing HPMSM within defined specifications.
- The IDC has the option to convert the outstanding amount of the IDC Facility into shares (and shareholder loans) in Thabatala Holding (Proprietary) Ltd (“**Project HoldCo**”) or shares in Giyani (the “**Giyani Shares**”). The option is exercisable by the IDC on two occasions, the first being after completion of the Optimized FS and successful operation of the Demonstration Plant, and the second being after Giyani has achieved FID. The conversion will occur at a 20% discount to the then prevailing 30-day volume weighted average price of the Giyani Shares, subject to a minimum share price equal to the closing price of the Giyani Shares on the trading day immediately prior to this announcement (the “**Minimum Share Price**”). The percentage shareholding acquired by the IDC following conversion will be limited to a maximum shareholding of 19.9%, or such higher percentage as may be approved by the TSX

Venture Exchange (the “**TSXV**”), Giyani and its shareholders (the “**Maximum Shareholding Percentage**”).

- If the IDC elects to convert the outstanding amount of the IDC Facility into shares (and shareholder loans) in Project HoldCo, then the IDC will have a further option, exercisable upon the Project achieving sustained commercial production, to exchange its shares and shareholder loans in Project HoldCo for Giyani Shares. The conversion will occur at the then prevailing 30-day volume weighted average price of Giyani Shares, subject to the Minimum Share Price and the Maximum Shareholding Percentage.
- The IDC Facility will be comprehensively secured in favour of the IDC through a guarantee given by Giyani and each of the subsidiaries associated with the Project in favour of the IDC, along with pledges of their respective shares and loan accounts, and security granted by Menzi, GMSA and Thabatala Technology Company (Proprietary) Ltd over the K.Hill assets.
- If the IDC elects to exercise its option(s) and acquire shares in either Giyani or Project HoldCo then: (i) for so long as the IDC holds at least 10% of the outstanding Giyani Shares or the Project HoldCo shares, the IDC will be entitled to nominate one person for appointment to the board of Giyani or Project HoldCo, as the case may be, and shall be entitled to nominate one additional person to the relevant board for so long as it holds an additional 15% of the outstanding Giyani Shares or the Project HoldCo shares; (ii) for so long as the IDC holds at least 10% of the outstanding Giyani Shares, the IDC will be entitled to direct the sale of up to 10% of HPMSM production from the Project to a nominated off-taker in the Southern African Development Community, on terms no less favourable than any other off-take agreement negotiated by Giyani; and (iii) for so long as the IDC holds at least 10% of the outstanding Giyani Shares, the IDC will have a right of first refusal to provide and act as co-lead arranger for the project finance facilities sought by Giyani for the development of the Project, provided that the terms of such facility(s) and arrangements shall not be less favourable than those available to Giyani on the open market.
- The IDC Facility is subject to various drawdown conditions, including Giyani securing the remaining US\$10 million of financing to be fully funded to FID, as well as other conditions customary for facilities of this nature.
- The IDC Facility otherwise contains such undertakings, warranties and terms and conditions as would be standard and customary in funding arrangements of this nature.

The IDC Facility and the Giyani Shares issuable on conversion remain subject to receipt of the requisite TSXV approval(s).

This foregoing summary of key terms of the IDC Facility as signed on November 29, 2023 is qualified in its entirety by the full text of the IDC Facility, copies of which have been or will be filed under the Company’s profile on SEDAR+ at www.sedarplus.com. Capitalized terms used but otherwise not defined in this foregoing summary shall have the meanings given to them in the IDC Facility.

Summary of US\$10 million Funding Terms

In parallel with finalizing and signing the IDC Facility, the Company has engaged with a strategic investor to secure the remaining US\$10 million of financing, which process is now post due diligence and is in the final documentation stage, following signing of a non-binding term sheet on July 21, 2023. In terms of this financing arrangement, the Company will raise at least US\$10 million, which may be split between a royalty and an equity component, which will satisfy the relevant draw-down conditions to the IDC Facility. The equity component of such financing, which is subject to a maximum shareholding in Giyani of 19.9%, is expected to be completed through the issuance of units at a price of C\$0.15 per unit, with each unit consisting of one Giyani Share and one common share purchase warrant (each, a “**Warrant**”), where each Warrant entitles the holder thereof to acquire one additional Giyani Share at a price of C\$0.226 per Giyani Share exercisable for a period of five years from its date of issue. Complete details of this additional financing will be included in a further news release once the definitive documentation has been finalized and signed. This financing arrangement remains subject to receipt of the requisite TSXV approval(s).

Item 6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

The report is not being filed on a confidential basis.

Item 7. **Omitted Information**

No information has been omitted.

Item 8. **Executive Officer**

For further information please contact:
Judy Webster, Corporate Secretary
(416) 453-8818

Item 9. **Date of Report**

11 December 2023