
GIYANI GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2016

(Expressed in Canadian Dollars)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Giyani Gold 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 months ended March 31, 2016 have not been reviewed by the Company's auditors.

GIYANI GOLD CORP.

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

	March 31, 2016	December 31, 2015
Assets		
Current assets		
Cash	\$ 17,211	\$ -
Restricted cash (note 3)	5,000	5,000
Amounts receivable	13,843	21,294
Prepays	46,326	59,892
Total Current assets	82,380	86,186
Equipment (note 4)	39,507	41,329
Exploration and evaluation assets (note 5)	1,383,471	1,378,327
Total Assets	\$ 1,505,358	\$ 1,505,842
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,486,000	\$ 1,275,663
Promissory note (note 6)	66,583	65,862
Debenture (note 7)	416,161	416,161
Amounts due to related parties (note 11)	719,945	692,648
Total Liabilities	2,688,689	2,450,334
Deficiency		
Share capital (note 8(b))	18,520,824	18,520,824
Contributed surplus (note 9)	5,090,180	5,090,180
Warrants (note 10)	4,093,233	4,093,233
Cumulative translation adjustment	(147,989)	(150,673)
Deficit	(28,712,295)	(28,533,490)
Non-controlling interest (note 15)	(1,156,047) (27,284)	(979,926) 35,434
Total Liabilities and Deficiency	\$ 1,505,358	\$ 1,505,842

Nature of operations and going concern (note 1)
Capital management (note 12)
Commitments and contingency (note 16)
Subsequent events (note 18)

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

GIYANI GOLD CORP.

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

	Three Months Ended March 31,	
	2016	2015
Expenses		
Corporate, general and administration	\$ 241,031	\$ 325,887
Amortization (note 4)	1,822	2,868
Net loss before interest and other items	242,853	328,755
Foreign exchange gain	(1,330)	(83)
Interest and other income	-	(24,772)
Gain on disposal of equipment	-	(47)
Net loss for the period	\$ 241,523	\$ 303,853
Other comprehensive income		
Items that may be subsequently reclassified to profit and loss		
Currency translation adjustment	(2,684)	(66,303)
Other comprehensive loss for the period	\$ 238,839	\$ 237,550
Attributable to:		
Owners of the parent	\$ 178,805	\$ 234,145
Non-controlling interest	62,718	69,708
Net loss for the period	\$ 241,523	\$ 303,853
Basic and diluted loss per share	\$ 0.00	\$ 0.01
Weighted average number of shares outstanding	63,270,981	57,433,123

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

GIYANI GOLD CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital		Obligation to issue shares	Contributed surplus	Warrant	Non-Controlling Interest	Cumulative Translation Adjustment	Deficit	Total
	Number	Amount							
Balance, December 31, 2014	57,433,123	\$ 18,173,796	\$ -	\$ 5,090,180	\$ 4,093,233	\$ 1,828,278	\$ 18,363	\$ (18,926,330)	\$ 10,277,520
Shares of subsidiary issued to non-controlling interest	-	-	-	-	-	217,208	-	(52,208)	165,000
Obligation to issue shares	-	-	145,000	-	-	-	-	-	145,000
Currency translation adjustment	-	-	-	-	-	-	66,303	-	66,303
Net loss for the period	-	-	-	-	-	(69,708)	-	(234,145)	(303,853)
Balance, March 31, 2015	57,433,123	\$ 18,173,796	\$ 145,000	\$ 5,090,180	\$ 4,093,233	\$ 1,975,778	\$ 84,666	\$ (19,212,683)	\$ 10,349,970
Balance, December 31, 2015	63,270,981	\$ 18,520,824	\$ -	\$ 5,090,180	\$ 4,093,233	\$ 35,434	\$ (150,673)	\$ (28,533,490)	\$ (944,492)
Expiry of warrants	-	-	-	-	-	-	2,684	-	2,684
Net loss for the period	-	-	-	-	-	(62,718)	-	(178,805)	(241,523)
Balance, March 31, 2016	63,270,981	\$ 18,520,824	\$ -	\$ 5,090,180	\$ 4,093,233	\$ (27,284)	\$ (147,989)	\$ (28,712,295)	\$ (1,183,331)

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

GIYANI GOLD INC.

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

	Three Months Ended	
	March 31,	
	2016	2015
Operating Activities		
Net loss for the period	\$ (241,523)	\$ (303,853)
Accrued interest expense	721	715
Amortization	1,822	2,868
Gain on disposal of equipment	-	(47)
Net change in non-cash working capital:		
Amounts receivable	7,451	60,092
Prepaid expenses	13,566	11,890
Accounts payable and accrued liabilities	210,337	38,053
Amounts due to related parties	27,297	123,166
Cash provided by (used in) operating activities	19,671	(67,116)
Investing Activities		
Exploration and evaluation asset expenditures	(5,144)	(20,320)
Cash used in investing activities	(5,144)	(20,320)
Financing Activities		
Proceeds on obligation to issue shares	-	145,000
Proceeds from issuance of shares in subsidiary, net of costs	-	165,000
Cash provided by financing activities	-	310,000
Effect of foreign exchange on cash	2,684	1,463
Change in cash during the period	17,211	224,027
Cash, beginning of the period	-	33,965
Cash, end of the period	\$ 17,211	\$ 257,992

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

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of operations and going concern

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 is engaged in the acquisition, exploration, evaluation and development of principally gold resource properties in South Africa and Canada. The Company's primary focus is the development of the Rock Island Gold Project in South Africa and ongoing exploration for gold at its properties in Northern Ontario, 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".

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 \$241,523 for the three months ended March 31, 2016 (three months ended March 31, 2015 - \$303,853) and had an accumulated deficit of \$28,712,295 at March 31, 2016 (December 31, 2015 - \$28,533,490).

In addition to its working capital requirements, the Company must secure sufficient funding for existing commitments and exploration costs.

These circumstances indicate the existence of material uncertainty that may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Management plans to secure the necessary financing through a combination of the exercise of existing warrants for the purchase of common shares, the issue of new equity instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

The recovery of amounts capitalized for exploration and evaluation assets at March 31, 2016 in the unaudited condensed interim consolidated statement of financial position is dependent upon the ability of the Company to arrange appropriate financing to complete the continued exploration of the properties and upon future profitable production or proceeds from their disposition. Subsequent to March 31, 2016, the Company's subsidiary, Canoe Mining Ventures Corp. ("Canoe") entered into an agreement to sell two of its assets to Wesdome Gold Mines Ltd. ("Wesdome") (see note 18).

These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and those adjustments could be material. The Company will continue to pursue opportunities to raise additional capital through equity markets and/or debt to fund investment in its exploration and evaluation assets; however, there is no assurance of the success or sufficiency of these initiatives. Should the Company fail to secure the necessary financing, judgments regarding the recoverability of the mineral property acquisition costs and the exploration and evaluation assets could change resulting in a significant impairment to existing assets.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

2. Summary of significant accounting policies

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 annual consolidated financial statements for the year ended December 31, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2016 could result in resatement of these unaudited condensed interim consolidated financial statements.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 27, 2016.

New standards not yet adopted

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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

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.

3. Restricted cash

The Company has credit cards with a major financial institution with an aggregate credit limit of \$5,000 (December 31, 2015 - \$5,000). The financial institution holds a \$5,000 (December 31, 2015 - \$5,000) deposit as collateral on the credit amount as long as the credit cards are active. The restricted cash amounts would change if there were any changes to the credit limits on the cards.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

4. Equipment

Cost	Furniture and Fixture	Mining and Exploration	Computer Equipment	Equipment	Total
Balance, December 31, 2015 and March 31, 2016	\$ 31,186	\$ 21,724	\$ 21,175	\$ 32,743	\$ 106,828

Accumulated depreciation

Balance, December 31, 2015	\$ 14,865	\$ 20,886	\$ 21,175	\$ 8,573	\$ 65,499
Depreciation for the period	584	30	-	1,208	1,822
Balance, March 31, 2016	\$ 15,449	\$ 20,916	\$ 21,175	\$ 9,781	\$ 67,321

Net book value

Balance, December 31, 2015	\$ 16,321	\$ 838	\$ -	\$ 24,170	\$ 41,329
Balance, March 31, 2016	\$ 15,737	\$ 808	\$ -	\$ 22,962	\$ 39,507

5. Exploration and evaluation assets

Canada	Hamlin Deaty Creek	Coldstream	Kerrs	Total
Balance, December 31, 2015	\$ 100,000	\$ 1,167,742	\$ 110,585	\$ 1,378,327
Current expenditures	-	5,144	-	5,144
Balance, March 31, 2016	\$ 100,000	\$ 1,172,886	\$ 110,585	\$ 1,383,471

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 March 31, 2016 and December 31, 2015, 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. This application was submitted by Giyani's partner CMR. At the time, no competing applications were submitted.

Notwithstanding numerous requests, evidence of the application has not been provided by CMR. Furthermore, a response from the Department of Mineral Resources is still pending. Accordingly, the Company wrote down the value of the Rock Island Gold Project to \$nil during the year ended December 31, 2015.

Northern Ontario, Canada

UCEL Option Agreement

During the year ended December 31, 2015, Canoe completed a strategic review of Canoe's priorities and elected to write-down the value of the Abbie Lake Property to \$nil. Canoe is in default on the option and intends to abandon the property.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

5. Exploration and evaluation assets (continued)

Northern Ontario, Canada (continued)

Keating Property, Ontario

During the year ended December 31, 2014, Canoe elected to prioritize certain assets given the difficult economic conditions for financing exploration projects and wrote down the Keating Property to \$nil. Canoe is in default on the option and intends to abandon the property.

Keating East

During the year ended December 31, 2014, Canoe elected to prioritize certain assets given the difficult economic conditions for financing exploration projects and wrote down the Keating East Property to \$nil. Canoe is in default on the option and intends to abandon the property.

Killen Agreement

During the year ended December 31, 2014, Canoe elected to prioritize certain assets given the difficult economic conditions for financing exploration projects; therefore, Canoe wrote down the Killen Property in the amount of \$283,417 during the year ended December 31, 2014. Canoe is in default on the option and intends to abandon the property.

Hamlin-Deaty Creek Property, Ontario

On May 12, 2014, Canoe entered into binding letters of intent ("Hamlin Agreement") with Glencore Canada Corporation ("Glencore"), Rainy Mountain Royalty Corp. ("Rainy Mountain"), and Mega Uranium Ltd. ("Mega Uranium") to purchase a 100% interest in the Hamlin Deaty Creek Property located in the Shebandowan Belt 110 km west of Thunder Bay, Ontario.

Pursuant to the terms of the Hamlin Agreement, Canoe made a cash payment of \$50,000 to Glencore and grant Glencore a 1% NSR together with a right of first refusal for an off-take agreement. Rainy Mountain and Mega Uranium were each issued 1,000,000 common shares of Canoe valued \$280,000 in aggregate during the year ended December 31, 2014.

The underlying 2% NSR held by the original vending prospectors may be purchased by Canoe under the following terms: a 1% NSR may be purchased at any time for \$1,000,000 and Canoe maintains the first right of refusal to purchase the remaining 1% NSR.

Subsequent to March 31, 2016, the Company entered into an agreement to sell the Hamlin-Deaty Creek Property (see Note 18).

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

5. Exploration and evaluation assets (continued)

Northern Ontario, Canada (continued)

Coldstream Property, Ontario

Canoe obtained a 100% interest in the Coldstream Property located in Thunder Bay, Ontario, via the acquisition of Birch Hill Gold Corp. ("Birch Hill").

Certain claims are subject to an NSR ranging from 0.5% to 3%, with certain buy-down provisions.

N Claims

The N Claims are comprised of three patented mineral claims (N1, N2, N3) and are internal to Canoe's Coldstream Property. To acquire the claim, Birch Hill issued 500,000 pre-amalgamation shares in March 2014 valued at \$62,500 and paid \$50,000. Canoe has acquired a 100% interest in the claims.

The claims are subject to an NSR of up to 2%. Half of the NSR (1%) may be repurchased by Canoe for \$1,000,000 prior to a production decision on the Coldstream Property and \$2,000,000 thereafter.

Subsequent to March 31, 2016, the Company entered into an agreement to sell the Coldstream Property (see note 18).

Kerrs Gold Property, Ontario

In conjunction with the acquisition of Birch Hill, Canoe acquired a 100% interest in the Kerrs Gold Property which consists of 11 mining claims and 12 mining leasehold patents located in the Larder Lake Mining Division of Ontario.

The property is subject to NSR's ranging from 0.8% to 2.0%.

6. Promissory note

In connection with the amalgamation with Birch Hill, Canoe assumed a promissory note with the Wahgoshig First Nation for a principal amount of \$58,000 which accrues interest at a rate of 5% per annum and matured on January 30, 2014. The total balance payable on the promissory note is \$66,583 as of March 31, 2016 (December 31, 2015 - \$65,862) which includes \$8,583 (December 31, 2015 - \$7,862) of accrued interest expense. The promissory note is currently being renegotiated.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

7. Debenture

Prior to the amalgamation, Birch Hill issued a non-interest bearing debenture to Alto Ventures Ltd. ("Alto") as partial consideration for the acquisition of the remaining 40% interest in the Coldstream property. The debenture is secured by a security interest in Canoe's 40% interest in the Coldstream property (including any buildings constructed on the property) and proceeds from any insurance payout or sale of the property.

The debenture matured on November 21, 2013. In the year ended December 31, 2014, Canoe and Alto agreed to a settlement ("Settlement") to be enacted October 21, 2014 ("Settlement Date") on the debenture as follows:

- (a) \$250,000 through the issuance of 1,250,000 common shares of Canoe on the Settlement Date at a deemed value of \$250,000 (issued at a value of \$250,000);
- (b) \$50,000 on the Settlement Date (paid);
- (c) \$50,000 on or before December 31, 2014 (paid in 2015);
- (d) \$75,000 on or before March 31, 2015;
- (e) \$75,000 on or before June 30, 2015; and
- (f) Granting a 1.5% NSR of portions of the Coldstream Property not previously subject to an NSR, subject to a right of repurchase of 1.0% for \$1,000,000, and a 0.5% NSR on portions of the Coldstream Property which are subject to an existing NSR.

If Canoe fails to meet the terms of the Settlement, Alto will maintain the right to enforce its claims under the original terms of the debenture.

Canoe is currently in default with the payment schedule of the Settlement. Canoe has recognized the full carrying value of the debenture pursuant to the original debenture agreement in accordance with the provisions of the Settlement.

8. Share capital

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

No shares were issued during the three months ended March 31, 2016.

During the three months ended March 31, 2015, the Company received funds of \$145,000 for a private placement of 2,900,000 common shares at a price of \$0.05 per share which were issued subsequent to March 31, 2015.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

9. 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, 2014	4,750,000	\$ 0.96
Forfeited	(1,000,000)	1.24
Balance, March 31, 2015	3,750,000	\$ 0.89
Balance, December 31, 2015	3,250,000	\$ 0.82
Forfeited	(1,525,000)	1.04
Balance, March 31, 2016	1,725,000	\$ 0.63

Stock options outstanding as at March 31, 2016:

Expiry date	Exercise price (\$)	Remaining contractual life (years)	Options exercisable
July 11, 2017	1.30	1.28	525,000
October 18, 2017	1.30	1.55	100,000
March 4, 2019	0.25	2.93	1,100,000
			1,725,000

The Company's subsidiary, Canoe, has 1,600,000 stock options outstanding which are exercisable at \$0.25 until February 27, 2019.

Stock-based compensation

Total stock-based compensation recognized in the unaudited condensed interim consolidated statement of loss and comprehensive loss for the three months ended March 31, 2016 was \$nil (three months ended March 31, 2015 - \$nil).

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

10. Warrants

Warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price (\$)
Balance, December 31, 2014, March 31, 2015 December 31, 2015 and March 31, 2016	2,000,000	0.45

Warrants outstanding as at March 31, 2016:

Expiry date	Exercise price (\$)	Remaining contractual life (years)	Options exercisable
July 11, 2016	0.45	0.28	2,000,000

The Company's subsidiary, Canoe, has 1,133,315 warrants outstanding with a weighted average exercise price of \$3.36 and a weighted average remaining life of 0.69 years.

11. Related party transactions

Management and consulting fees of \$12,500 (three months ended March 31, 2015 - \$nil) were paid to officers and directors or to companies controlled by officers or directors during the three months ended March 31, 2016.

As at March 31, 2016, the Company owed \$492,248 (December 31, 2015 - \$369,249) to directors and officers of the Company and \$225,697 (December 31, 2015 - \$221,717) to entities controlled by or associated with directors and officers of the Company. These amounts were included in due to related parties.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

12. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business. The capital of the Company consists of equity.

The Company manages its capital structure and makes adjustments in light of the changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the Company's capital requirements, the Company has in place planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. With the exception of commitments detailed in note 16, there were no externally imposed capital requirements to which the Company is subject as at March 31, 2016.

13. Financial instruments and risk management

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values

Cash is classified as Level 1. The Company's cash is comprised primarily of current deposits held with Canadian and South African chartered banks. The fair values of cash approximates their carrying values due to their short-term nature. As at March 31, 2016, the Company had \$17,211 cash balance.

The Company's risk exposure and the impact on the financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and restricted cash.

The Company reduces its risk by maintaining its bank accounts at large Canadian, Barbados, and South African financial institutions.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

13. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet its liabilities when they come due. The Company manages its liquidity risk by forecasting cash flows required by operations to and anticipated investing and financing activities. The Company's financial obligations currently consist of accounts payable and accrued liabilities, and amounts due to related parties. The carrying value of the accounts payable, accrued liabilities and amounts due to related parties approximates fair value as they are short term in nature.

The Company had cash at March 31, 2016 of \$17,211 (December 31, 2015 - \$nil). As at March 31, 2016, the Company had accounts payable and accrued liabilities and amounts due to related parties of \$2,205,945 (December 31, 2015 - \$1,968,311). Additionally, the Company is liable for a promissory note of \$66,583 past due and the repayment terms on the debenture as per note 6.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

a) Interest Rate Risk

The Company's cash consists of cash held in bank accounts that earn interest at variable interest rates. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Due to the short-term nature of these financial instruments fluctuations in market rates do not have a significant impact on estimated fair values. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The interest income earned on cash is minimal; therefore, the Company is not subject to material interest rate risk.

b) Foreign Currency Risk

The Company is exposed to foreign currency risk of the South African rand. This risk is limited as contracts and loan agreements are denominated in Canadian dollars where possible.

	South African Rand
Cash	171,438
Amounts receivable	54,501
Accounts payable and accrued liabilities	2,372,196

Based on the net exposure at March 31, 2016, a 10% depreciation or appreciation of the South African rand against the Canadian dollar would result in approximately a \$18,921 increase or decrease in the Company's comprehensive loss for the period.

c) Other Price Risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any other price risk.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

14. 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 two operating segments: the exploration, evaluation and development of precious metal mining projects located in Ontario ("Canoe") and located in 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:

March 31, 2016	Canoe	South Africa Mining	Corporate	Total
Equipment	\$ -	\$ -	\$ 39,507	\$ 39,507
Exploration and evaluation assets	1,383,471	-	-	1,383,471
Total assets	1,418,069	19,918	67,371	1,505,358
Total liabilities	1,462,598	209,133	1,016,958	2,688,689
Net loss	103,062	3,447	135,014	241,523
Net addition to exploration and evaluation assets	5,144	-	-	5,144

December 31, 2015	Canoe	South Africa Mining	Corporate	Total
Equipment	\$ -	\$ -	\$ 41,329	\$ 41,329
Exploration and evaluation assets	1,378,327	-	-	1,378,327
Total assets	1,415,810	20,280	69,752	1,505,842
Total liabilities	1,357,276	208,734	884,324	2,450,334
Net loss	3,549,759	7,390,124	764,287	11,704,170
Net addition to exploration and evaluation assets	(5,262)	(158,451)	-	(163,713)
Impairment to property acquisition costs and exploration and evaluation assets	(3,063,914)	(7,359,732)	-	(10,423,646)

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

15. Non-controlling interest

On December 5, 2013, Canoe entered into the Amalgamation Agreement with 2299895 and Giyani to carry out a qualifying transaction. As a result of the transaction, Giyani's interest in Canoe declined from 98.1% to 57.4%. Pursuant to additional equity issuances by Canoe, the Company's interest as at March 31, 2016 is 39.1%.

The Company has assessed its investment in Canoe and has judged that it has maintained control over Canoe as defined by IFRS 10. Since equity issuances by Canoe did not result in a loss of control by Giyani, they have been recorded as a transfer of equity to non-controlling interest holders. The major transactions not resulting in a loss of control and the resulting impact are summarized and described as follows:

	March 31, 2016	December 31, 2015
Balance, beginning of the period	\$ 35,434	\$ 1,828,278
Change in non-controlling interest	-	344,322
Stock-based compensation in Canoe	-	-
Share of loss attributable to non-controlling interests	(62,718)	(2,137,166)
Balance, end of the period	\$ (27,284)	\$ 35,434

Set out below is summary financial information for Canoe, in which the Company holds a 39.1% interest (December 31, 2015 – 39.1%). The amounts disclosed are based on those included in the unaudited condensed interim consolidated financial statements, before intercompany eliminations.

Summarized consolidated statement of financial position	March 31, 2016	December 31, 2015
Current assets	\$ 34,599	\$ 37,481
Current liabilities	(1,462,597)	(1,357,276)
	(1,427,998)	(1,319,795)
Non-current assets	1,383,471	1,378,329
Balance, end of the year	\$ (44,527)	\$ 58,534
Accumulated non-controlling interest	\$ (27,284)	\$ 35,434

Summarized consolidated statement of loss and comprehensive loss	Three Months Ended March 31,	
	2016	2015
	60.9%	59.1%
Expenses	\$ 103,060	\$ 125,967
Net loss and comprehensive loss	103,060	125,967
Loss allocated to non-controlling interest	\$ 62,718	\$ 60,708

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

15. Non-controlling interest (continued)

Summarized consolidated statement of cash flows	Three Months Ended March 31,	
	2016	2015
	60.9%	59.1%
Cash flows from operating activities	\$ 4,280	\$ (21,086)
Cash flows from financing activities	\$ -	\$ 165,000
Cash flows from investing activities	\$ -	\$ (2,920)

16. Commitments and contingency

Commitment

Financing Agreement

During the year ended December 31, 2014, the Company entered into an equity agreement ("Equity Agreement") with Lambert Private Equity LLC ("Lambert"), a California-based private equity firm.

In accordance with the Equity Agreement, Lambert will commit up to a maximum of \$10,000,000 over a period of three years. And, at the Company's discretion at any time over the next 5 years, Lambert's commitment amount may be increased from \$10,000,000 to \$25,000,000 with all other terms and conditions of the Equity Agreement remaining unchanged and with no additional fees or compensation due.

Subject to certain conditions, upon notice by the Company ("Notice"), Lambert and associates of Lambert will subscribe for, and the Company will agree to issue and sell, units ("Units") through a series of private placements (each, a "Private Placement"). The purchase price per Unit for any given Private Placement will be equal to the greater of (i) 90% of the lowest daily volume-weighted average price of the common shares of the Company (each, a "Share") on the TSXV during the 15 trading days following Notice, or (ii) the lowest price permitted by the policies of the TSXV.

Each Unit will be comprised of one Share and one Share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder thereof to acquire one additional Share for a period of five years from the date of issuance of such Warrant at the lowest price permitted by the policies of the TSXV.

The number of Units to be subscribed for in each Private Placement will be determined by the Company in its sole discretion and will be set forth in the applicable Notice. To the extent that Lambert arranges eligible substituted purchasers for each Private Placement, its own obligation to subscribe for Units shall be reduced accordingly, subject to certain conditions.

The proceeds from each Private Placement will be used for general corporate and working capital purposes and may be used to evaluate and pursue strategic acquisitions. The Shares and Warrants underlying the Units issued pursuant to each Private Placement will be subject to a four-month hold period.

Pursuant to the Equity Agreement, the Company paid Lambert a commitment fee valued at \$150,000 by issuing 454,545 common shares.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

16. Commitments and contingency (continued)

Commitment (continued)

Prior to filing a Notice, Lambert may engage in purchases and sales of shares held for its own account as well as shares borrowed by Lambert from third parties, including insiders. The obligation to deliver any borrowed securities may be satisfied by delivery of shares subscribed for by Lambert pursuant to the Private Placement. With respect to Shares subscribed for under the Equity Agreement, one or more existing shareholders of the Company, including insiders, may from time to time agree to exchange Shares owned by them that are not subject to resale restrictions with Shares acquired under a Private Placement that are subject to the customary resale restrictions. The existing shareholders who agree to loan shares, or agree to exchange shares which are not subject to resale restrictions, may be entitled to receive a portion of the warrants issued on the Private Placement pursuant to arrangements made by Lambert. The participation of each insider will be subject to the approval of the independent directors of the Company.

Each Private Placement will remain subject to receipt of regulatory approval from the TSXV. While the Company cannot provide any assurances that it will be successful in completing the Equity Agreement, it is the Company's intention to obtain the funding.

Contingency

The Company has been in arrears or in default on payments to some of its vendors, which, if not cured on a timely basis, may lead to legal proceedings against the Company. The amounts owed to the vendors as invoiced have been fully included in accounts payable and accrued liabilities as at March 31, 2016, however, the potential legal proceedings may result in interests, penalties or legal costs, the amount of which are not determinable as at March 31, 2016.

17. Management cease trade order

Giyani was in technical default of the provisions of NI 51-102 requiring the Company to file its audited annual consolidated financial statements for the years ended December 31, 2015 and 2014 and management discussion and analysis ("MD&A") by March 30, 2016 resulting from its listing on the Johannesburg Stock Exchange ("JSE"). The Company remedied this default by filing its annual financial statements and MD&A on April 29, 2016. Further, Giyani was also in technical default by not filing its unaudited condensed interim consolidated financial Statements and MD&A for the three months ended March 31, 2016 45 days after the end of the first quarter. Giyani has now remedied this default by filing the statements on May 27, 2016. Giyani will be filing their Q2 statements on or before August 15, 2016, the due date under NI 51-102.

GIYANI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

18. Subsequent event

On April 6, 2016, Canoe and Wesdome announced that they had entered into a definitive agreement (the "Purchase Agreement") whereby Wesdome has agreed to purchase from Canoe, a 100% interest in the Coldstream Property ("Coldstream") and the Hamlin-Deaty Creek Property ("Hamlin") (collectively, the "Properties").

Terms of the Purchase Agreement

Pursuant to the terms and conditions of the Purchase Agreement, Wesdome will acquire the Properties from Canoe free from all liens, mortgages, charges, pledges, encumbrances or other burdens with all rights now or thereafter attached thereto (other than with respect to any royalties set forth in the Purchase Agreement). As consideration for the Properties, Wesdome shall pay or issue (as applicable) to Canoe the following at the closing of the acquisition:

- (a) with respect to the purchase of the Coldstream portion of the Properties:
 - (i) an aggregate of \$400,000 cash; and
 - (ii) 454,545 fully paid and non-assessable common shares in the capital of Wesdome; and
- (b) with respect to the purchase of the Hamlin portion of the Properties, an aggregate of \$100,000 cash.

The proposed transaction, including the issuance of the common shares by Wesdome, is subject to regulatory approval by the TSXV.