



GIYANI METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2021**

(Expressed in Canadian Dollars)

(UNAUDITED)

GIYANI METALS CORP.

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

| As at | June 30, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 13,789,743 | \$ 6,338,927 |
| Subscriptions receivable | - | 186,900 |
| Amounts receivable | 150,245 | 51,352 |
| Amounts due from related party (note 9) | - | 100,000 |
| Prepays | 149,371 | 40,776 |
| Total current assets | 14,089,359 | 6,717,955 |
| Equipment (note 3) | 10,333 | 12,697 |
| Exploration and evaluation assets (note 4) | 5,457,432 | 3,282,079 |
| Total Assets | \$ 19,557,124 | \$ 10,012,731 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 1,006,015 | \$ 802,567 |
| Other liabilities | 106,943 | 106,943 |
| RSU liability (note 7) | 11,805 | - |
| Amounts due to related parties (note 9) | 61,336 | 206,037 |
| Total Liabilities | 1,186,099 | 1,115,547 |
| Equity | | |
| Share capital (note 5(b)) | 39,101,903 | 30,489,730 |
| Contributed surplus | 7,973,906 | 7,173,754 |
| Warrants (note 8) | 10,019,692 | 7,465,980 |
| Cumulative translation adjustment | (541,814) | (426,640) |
| Deficit | (38,182,662) | (35,805,640) |
| | 18,371,025 | 8,897,184 |
| Total Liabilities and Equity | \$ 19,557,124 | \$ 10,012,731 |

Nature of operations (note 1)

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

Approved by the Board of Directors:

Director: John Petersen _____

Director: Jonathan Henry _____

GIYANI METALS CORP.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Expenses | | | | |
| Corporate, general and administration (note 10) | \$ 1,495,592 | \$ 274,843 | \$ 2,288,729 | \$ 514,366 |
| Depreciation (note 3) | 1,182 | 2,303 | 2,364 | 4,606 |
| Net loss before interest and other items | 1,496,774 | 277,146 | 2,291,093 | 518,972 |
| Foreign exchange loss | 16,885 | (8,064) | 104,687 | (8,064) |
| Gain on debt settlement | - | (45,726) | - | (45,726) |
| Loss on acquisition of remaining interest in Lexshell (note 4) | - | - | 45,000 | - |
| Gain on sale of Rock Island Trading (Pty) Ltd. (note 4) | (12,889) | - | (63,758) | - |
| Net loss for the period | 1,500,770 | 223,356 | 2,377,022 | 465,182 |
| Other comprehensive loss | | | | |
| Items that may be subsequently reclassified to profit and loss: | | | | |
| Currency translation adjustment | 71,471 | 54,877 | 115,174 | 33,804 |
| Comprehensive loss for the period | \$ 1,572,241 | \$ 278,233 | \$ 2,492,196 | \$ 498,986 |
| Basic and diluted loss per share | \$ 0.01 | \$ 0.00 | \$ 0.01 | \$ 0.01 |
| Weighted average number of shares outstanding | 173,494,956 | 92,202,441 | 164,668,840 | 88,813,326 |

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, 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 | 15,000,000 | 446,352 | - | 753,648 | - | - | 1,200,000 |
| Shares issued for debt settlement | 1,829,023 | 146,321 | - | - | - | - | 146,321 |
| Stock-based compensation (note 6) | - | - | 29,366 | - | - | - | 29,366 |
| Currency translation adjustment | - | - | - | - | (33,804) | - | (33,804) |
| Net loss for the period | - | - | - | - | - | (465,182) | (465,182) |
| Balance, June 30, 2020 | 102,253,234 | \$ 23,855,745 | \$ 6,733,510 | \$ 5,559,921 | \$ (161,870) | \$ (34,151,033) | \$ 1,836,273 |
| Balance, December 31, 2020 | 153,753,234 | \$ 30,489,730 | \$ 7,173,754 | \$ 7,465,980 | \$ (426,640) | \$ (35,805,640) | \$ 8,897,184 |
| Bought deal equity financing, net of issuance costs | 16,916,500 | 7,873,109 | - | 2,700,636 | - | - | 10,573,745 |
| Exercise of stock options | 762,500 | 196,790 | (92,790) | - | - | - | 104,000 |
| Exercise of warrants | 2,670,500 | 542,274 | - | (146,924) | - | - | 395,350 |
| Stock-based compensation (notes 6 and 7) | - | - | 892,942 | - | - | - | 892,942 |
| Currency translation adjustment | - | - | - | - | (115,174) | - | (115,174) |
| Net loss for the period | - | - | - | - | - | (2,377,022) | (2,377,022) |
| Balance, June 30, 2021 | 174,102,734 | \$ 39,101,903 | \$ 7,973,906 | \$ 10,019,692 | \$ (541,814) | \$ (38,182,662) | \$ 18,371,025 |

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)

| | Six Months Ended June 30, | |
|---|------------------------------|-------------------|
| | 2021 | 2020 |
| Operating Activities | | |
| Net loss for the period | \$ (2,377,022) | \$ (465,182) |
| Depreciation (note 3) | 2,364 | 4,606 |
| Stock-based compensation (notes 6 and 7) | 904,747 | 29,366 |
| Gain on debt settlement | - | (45,726) |
| Unrealized foreign exchange loss | (49,500) | (33,804) |
| Net change in non-cash working capital: | | |
| Subscription receivable | 186,900 | - |
| Amounts receivable | (98,893) | 1,792 |
| Amounts due from related party | 100,000 | 20,000 |
| Prepays | (108,595) | 29,113 |
| Accounts payable and accrued liabilities | 203,448 | (83,547) |
| Amounts due to related parties | (144,701) | (125,034) |
| Cash (used in) provided by operating activities | (1,381,252) | (668,416) |
| Investing Activities | | |
| Exploration and evaluation asset expenditures | (2,241,027) | (312,132) |
| Cash used in investing activities | (2,241,027) | (312,132) |
| Financing Activities | | |
| Proceeds from bought deal equity financing, net of issuance costs | 10,573,745 | 1,200,000 |
| Proceeds from exercise of stock options | 104,000 | - |
| Proceeds from exercise of warrants | 395,350 | - |
| Cash provided by financing activities | 11,073,095 | 1,200,000 |
| Change in cash during the period | 7,450,816 | 219,452 |
| Cash, beginning of the period | 6,338,927 | 8,758 |
| Cash, end of the period | \$ 13,789,743 | \$ 228,210 |
| Supplemental cash flow information: | | |
| Shares issued for settlement of debt | \$ - | \$ 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

June 30, 2021

(Expressed in Canadian Dollars)

1. Nature of operations

Giyani Metals Corp., formerly Giyani Gold Corp. ("**Giyani**", or "**the Company**") was incorporated under the Canada Business Corporations Act on July 26, 2007 and continued under the Business Corporations Act of British Columbia on August 4, 2010. Since 2017, the Company has focused its full attention to advance its manganese assets within the Kanye Basin in south eastern Botswana, Africa (the "**Kanye Basin Prospects**"). The Company's strategy is to become a low-carbon footprint producer of high-purity electrolytic manganese precursor materials used by battery manufacturers for the expanding electric vehicle market. The registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8. The Company is a reporting issuer in British Columbia, Alberta and Ontario and uses the trading symbol under the TSX Venture Exchange ("**TSXV**") "**EMM**".

These unaudited condensed interim consolidated financial statements ("**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 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 disruption to business operations. The Company continues to operate all aspects of its business as intended as of the current date.

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, 2020, 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, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

These Financial Statements were authorized for issuance by the Board of Directors of the Company on August 26, 2021.

New standards adopted

Share-based compensation

The Company grants share options to acquire common shares of the Company to directors, officers, consultants and employees.

GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2021

(Expressed in Canadian Dollars)

2. Basis of preparation (continued)

New standards adopted (continued)

Share-based compensation (continued)

The fair value of the instruments granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the instruments are granted. The fair value of the awards is adjusted by the estimate of the number of awards that are expected to vest as a result of non-market conditions and is expensed over the vesting period using the graded vesting method of amortization. At each condensed consolidated statement of financial position date, the Company reviews its estimates of the number of options that are expected to vest based on the non-market vesting conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity. Volatility, as input into the Black-Scholes model, measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the expected life of the option.

The Company offers a Restricted Share Unit (“RSU”) Plan for directors, officers, consultants and employees which can be settled in cash or common shares of the Company at the option of the RSU holder. There is a two-year vesting period with 50% vesting on the first anniversary and the remaining 50% vesting on the second anniversary of the grant date. The RSUs are accounted for under the liability method whereby the RSU liability is initially measured at fair value on the grant date and recognized as an obligation on the condensed consolidated statement of financial position. Fair value is recognized over the vesting period and reflects an estimate of forfeitures. The RSU liability is remeasured at each reporting date up to and including the settlement date based on the change in the Company’s share price with change in fair value recognized in the condensed consolidated statements of loss and comprehensive loss. RSUs terminate when an employee ceases to be employed by the Company.

Amendment to IAS 16 - Property, Plant and equipment

In 2020, the IASB published Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) (“IAS 16 amendments”) which applies to annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Company has elected to early adopt these IAS 16 amendments effective January 1, 2021 and has applied the IAS 16 amendments retrospectively.

These IAS 16 amendments prohibit the deduction from the cost of an item of property, plant and equipment any net proceeds received from the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the Company recognizes the proceeds from the sale of such items, and the cost of producing those items in the condensed consolidated statement of loss and comprehensive loss. No restatement of prior periods was required on adoption given the comparable periods contained no items that would have been impacted by this accounting amendment.

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; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishments of the liability.

GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements
June 30, 2021
(Expressed in Canadian Dollars)

2. Basis of preparation (continued)

New standards not yet adopted (continued)

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

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.

3. Equipment

| Cost | Furniture and Fixture | Mining and Exploration | Computer Equipment | Equipment | Total |
|---------------------------------|-----------------------------|---------------------------|-----------------------|------------------|-------------------|
| Balance, December 31, 2019 | \$ 31,186 | \$ 21,724 | \$ 25,742 | \$ 32,743 | \$ 111,395 |
| Additions | - | - | 4,179 | - | 4,179 |
| Balance, December 31, 2020 | \$ 31,186 | \$ 21,724 | \$ 29,921 | \$ 32,743 | \$ 115,574 |
| Balance, June 30, 2021 | \$ 31,186 | \$ 21,724 | \$ 29,921 | \$ 32,743 | \$ 115,574 |
| Accumulated depreciation | | | | | |
| Balance, December 31, 2019 | \$ 27,957 | \$ 21,724 | \$ 22,696 | \$ 22,843 | \$ 95,220 |
| Depreciation for the year | 1,671 | - | 3,046 | 2,940 | 7,657 |
| Balance, December 31, 2020 | \$ 29,628 | \$ 21,724 | \$ 25,742 | \$ 25,783 | \$ 102,877 |
| Depreciation for the period | 562 | - | 418 | 1,384 | 2,364 |
| Balance, June 30, 2021 | \$ 30,190 | \$ 21,724 | \$ 26,160 | \$ 27,167 | \$ 105,241 |
| Net book value | | | | | |
| Balance, December 31, 2020 | \$ 1,558 | \$ - | \$ 4,179 | \$ 6,960 | \$ 12,697 |
| Balance, June 30, 2021 | \$ 996 | \$ - | \$ 3,761 | \$ 5,576 | \$ 10,333 |

4. Exploration and evaluation assets

Botswana

During the year ended December 31, 2017, the Company acquired 14 prospecting licenses within the Kanye Basin Prospects area which encompass the past producing Kgwakgwe Hill Manganese Mine ("**K.Hill**"). Giyani also acquired Menzi Battery (Pty) Limited ("**Menzi**"), a company incorporated in accordance with the laws of Botswana. The acquisition of Menzi was treated as an asset acquisition since it did not meet the definition of a business under IFRS.

The Company's renewal of 10 licenses was approved by the Botswana Department of Mines during the year ended December 31, 2020. The Company did not include four licenses in its renewal application as they were no longer considered prospective.

GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2021

(Expressed in Canadian Dollars)

4. Exploration and evaluation assets (continued)

Botswana (continued)

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

| | Kanye Basin Prospects |
|-----------------------------------|-----------------------|
| Balance, December 31, 2019 | \$ 2,267,008 |
| Current expenditures | 1,049,256 |
| Foreign exchange | (34,185) |
| Balance, December 31, 2020 | \$ 3,282,079 |
| Current expenditures | 2,241,027 |
| Foreign exchange | (65,674) |
| Balance, June 30, 2021 | \$ 5,457,432 |

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 entered into a share sale agreement with CMR to sell the Company's effective interest of 28.8% or 45 shares in Rock Island (the "**Rock Island Agreement**") held through Lexshell 837 Investments (Pty) Ltd. ("**Lexshell**"). The sale price was ZAR9,555,046 (\$845,460) with one third ZAR3,185,015 due from CMR immediately on signing and the balance due upon closing of the Rock Island Agreement. During the year ended December 31, 2019, the Company received cash of ZAR3,185,015 (\$280,346) from CMR.

Also, during the year ended December 31, 2019, the Company entered into a share purchase agreement with Malungani Resources (Pty) Ltd ("**Malungani**") to acquire the remaining 36% of Lexshell it did not already own (the "**Lexshell Agreement**"). The Company and Malungani agreed on the following:

- Upon completion of the Rock Island Agreement, Lexshell would transfer the sale proceeds to Giyani in settlement of certain inter-company debts.
- The Company would issue Malungani 1,248,999 common shares of Giyani. 416,333 or one-third of the shares were issued as of December 31, 2019 and the remaining two-thirds were to be issued once the Company received the remaining proceeds from the Rock Island Agreement.

As a result of the two agreements, an accounting gain of \$213,733 was recorded in the statements of loss and comprehensive loss during the year ended December 31, 2019.

GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2021

(Expressed in Canadian Dollars)

4. Exploration and evaluation assets (continued)

As at and during the three and six months ended June 30, 2021:

- The Rock Island Agreement had not been completed;
- The Company and Malungani amended the terms of, and completed the Lexshell Agreement for cash consideration of \$45,000 as full and final settlement;
- The Company received during the three and six months ended ZAR150,000 (\$12,888) and ZAR750,000 (\$63,758) from CMR; and
- These items were recorded in the condensed interim consolidated statements of loss and comprehensive loss.

5. 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 |
|--|--------------------|----------------------|
| Balance, December 31, 2019 | 85,424,211 | \$ 23,263,072 |
| Private placement (i) | 15,000,000 | 1,200,000 |
| Fair value of warrants issued in private placement (i) | - | (753,648) |
| Shares issued in settlement of debt (ii) | 1,829,023 | 146,321 |
| Balance, June 30, 2020 | 102,253,234 | \$ 23,855,745 |
| Balance, December 31, 2020 | 153,753,234 | \$ 30,489,730 |
| Bought deal equity financing (iii) | 16,916,500 | 11,503,220 |
| Fair value of warrants issued in bought deal financing (iii) | - | (2,348,136) |
| Share issuance costs (iii) | - | (1,281,975) |
| Exercise of stock options (iv) | 762,500 | 104,000 |
| Fair value reclassified upon exercise of stock options (iv) | - | 92,790 |
| Exercise of warrants (v) | 2,670,500 | 395,350 |
| Fair value reclassified upon exercise of warrants (v) | - | 146,924 |
| Balance, June 30, 2021 | 174,102,734 | \$ 39,101,903 |

(i) 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 officers of the Company subscribed for 574,375 units in connection with this placement.

(ii) On May 19, 2020, the Company settled debt of \$192,047 for 1,829,023 common shares at a price of \$0.105 resulting in a gain of settlement of debt of \$45,726. Directors and officers of the Company settled debt with a fair value of \$127,537 as a result of this transaction.

GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2021

(Expressed in Canadian Dollars)

5. Share capital (continued)

(iii) On March 24, 2021, the Company closed a bought deal equity financing for gross proceeds of \$11,503,220 and issued 16,916,500 units at \$0.68 per unit. The financing, included the exercise in full of an underwriter's over-allotment option to purchase up to an additional 15% of the units of the offering (2,206,500 units) on the same terms. Each unit consisted of one common share of Giyani and one half of a share purchase warrant exercisable at \$1.00 for a period of 18 months from the date of issuance. In conjunction with the bought deal financing, \$632,677 in finders' fees were paid and an additional \$296,798 in issuance costs were capitalized.

The 8,458,250 share purchase warrants and 930,407 broker warrants were assigned a fair value of \$2,348,136 and \$352,500, respectively. Fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions: share price - \$0.64, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 138%; risk-free interest rate - 0.24%; and an expected life - 1.5 years.

(iv) During the six months ended June 30, 2021, a former officer and current officer exercised 762,500 stock options exercisable between \$0.10 and \$0.28 for total gross proceeds of \$104,000. As a result of the exercise, the fair value attributable to the options exercised was reallocated from contributed surplus to share capital in the amount of \$92,790.

(v) During the six months ended June 30, 2021, 2,670,500 warrants with an exercise price between \$0.10 and \$0.35 were exercised for gross proceeds of \$395,350. The fair value of the warrants exercised was \$146,924 which was reallocated from warrant reserve to share capital.

6. 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, 2019 | 7,137,500 | \$ 0.24 |
| Granted (i) | 500,000 | 0.12 |
| Balance, June 30, 2020 | 7,637,500 | \$ 0.24 |
| Balance, December 31, 2020 | 10,112,500 | \$ 0.22 |
| Exercised (note 5) | (762,500) | 0.14 |
| Forfeited | (450,000) | 0.18 |
| Granted (ii) (iii) (iv) | 3,262,500 | 0.50 |
| Balance, June 30, 2021 | 12,162,500 | \$ 0.30 |

(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 - \$0.12, 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 and vested immediately.

GIYANI METALS CORP.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2021

(Expressed in Canadian Dollars)

6. Stock options (continued)

(ii) On January 18, 2021, the Company granted 750,000 stock options to management with each option exercisable into one common share of the Company at an exercise price of \$0.465 per share until January 18, 2026, 250,000 stock options vested immediately and the remaining 500,000 stock options are set to vest equally on each of the one and two year anniversaries of the grant date subject to certain change of control provisions. A fair value of \$330,100 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price - \$0.49, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 145%; risk-free interest rate - 0.42%; and an expected life - 5 years.

(iii) On April 21, 2021, the Company granted 2,062,500 stock options to management with each option exercisable into one common share of the Company at an exercise price of \$0.53 per share until April 21, 2026, 895,833 stock options vested immediately and the remaining 1,166,667 stock options are set to vest equally on each of the one and two year anniversaries of the grant date subject to certain change of control provisions. A fair value of \$974,100 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price - \$0.53, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 142%; risk-free interest rate - 0.42%; and an expected life - 5 years.

(iv) On June 18, 2021, the Company granted 450,000 stock options to directors with each option exercisable into one common share of the Company at an exercise price of \$0.40 per share until June 18, 2026, vested immediately. A fair value of \$159,800 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price - \$0.40, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 141%; risk-free interest rate - 0.97%; and an expected life - 5 years.

During the three and six months ended June 30, 2021, the Company recorded stock-based compensation in connection with the vesting of options totaling \$701,218 and \$892,942 (June 30, 2020 - \$Nil and \$29,366) in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

Stock options outstanding as at June 30, 2021:

| Expiry date | Exercise price (\$) | Remaining contractual life (years) | Total options | Options exercisable |
|-------------------------------|---------------------|------------------------------------|---------------|---------------------|
| August 2, 2021 ⁽¹⁾ | 0.305 | 0.09 | 350,000 | 350,000 |
| November 21, 2021 | 0.34 | 0.39 | 500,000 | 500,000 |
| May 1, 2022 | 0.34 | 0.84 | 300,000 | 300,000 |
| November 28, 2022 | 0.30 | 1.41 | 750,000 | 750,000 |
| April 25, 2023 | 0.23 | 1.82 | 350,000 | 350,000 |
| September 28, 2023 | 0.28 | 2.25 | 2,275,000 | 1,575,000 |
| November 19, 2024 | 0.15 | 3.39 | 1,750,000 | 1,050,000 |
| March 10, 2025 | 0.12 | 3.70 | 500,000 | 500,000 |
| July 5, 2025 | 0.15 | 4.02 | 375,000 | 375,000 |
| September 24, 2025 | 0.185 | 4.24 | 1,750,000 | 1,350,000 |
| January 18, 2026 | 0.465 | 4.56 | 750,000 | 250,000 |
| April 21, 2026 | 0.53 | 4.81 | 2,062,500 | 895,833 |
| June 18, 2026 | 0.40 | 4.97 | 450,000 | 450,000 |
| | | | 12,162,500 | 8,695,833 |

(1) Subsequent to June 30, 2021, 350,000 stock options were exercised at \$0.305 per share for proceeds of \$106,750.

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7. Restricted Share Units ("RSUs")

The Company has adopted a Restricted Share Unit Plan (the "RSU 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 restricted share units ("RSUs") to acquire common shares or their cash equivalent at the end of the vesting period. The aggregate number of shares that may be issued under the RSU plan together with the number of shares reserved for issuance under the stock option plan shall not exceed 10% of the issued and outstanding common shares.

On June 17, 2021, the Company granted 188,680 RSU's to an officer of the Company which are to vest equally on each of the one and two year anniversaries of the grant date. The restricted share units granted are accounted for under the liability method whereby a liability is recorded at grant date equal to the fair value of the restricted share unit. A fair value of \$82,076 was determined based on the fair value of the Company's share price on the date of grant.

During the three and six months ended June 30, 2021, the Company recorded share based compensation expenses for the RSUs of \$11,805 and \$11,805 (three and six months ended June 30, 2020 - \$Nil and \$Nil) in the condensed interim consolidated statements of loss and comprehensive loss.

8. Warrants

Warrant transactions are summarized as follows:

| | Number of warrants outstanding | Weighted average exercise price (\$) |
|-----------------------------------|-----------------------------------|---|
| Balance, December 31, 2019 | 1,356,000 | 0.28 |
| Issued (note 5(b)(i)) | 7,500,000 | 0.10 |
| Balance, June 30, 2020 | 8,856,000 | 0.13 |
| Balance, December 31, 2020 | 28,914,820 | 0.30 |
| Issued (note 5(b)(iii)) | 9,388,657 | 0.97 |
| Exercised (note 5(b)(v)) | (2,670,500) | 0.15 |
| Balance, June 30, 2021 | 35,632,977 | 0.48 |

Warrants outstanding as at June 30, 2021:

| Expiry date | Exercise price (\$) | Remaining contractual life (years) | Warrants exercisable |
|--------------------------------------|------------------------|--|-------------------------|
| March 18, 2022 | 0.20 | 0.72 | 4,142,000 |
| March 18, 2022 (broker warrants) | 0.125 | 0.72 | 355,320 |
| June 23, 2022 ⁽¹⁾ | 0.35 | 0.98 | 18,437,500 |
| June 23, 2022 (broker warrants) | 0.35 | 0.98 | 2,097,000 |
| September 24, 2022 | 1.00 | 1.24 | 8,458,250 |
| September 24, 2022 (broker warrants) | 0.68 | 1.24 | 930,407 |
| May 25, 2023 | 0.10 | 1.90 | 1,212,500 |
| | | | 35,632,977 |

(1) Subsequent to June 30, 2021, 62,500 warrants were exercised at \$0.35 per share for proceeds of \$21,875.

9. Related party transactions

Management and consulting fees of \$197,482 and \$348,011 (three and six months ended June 30, 2020 - \$120,142 and \$226,941) 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 six months ended June 30, 2021.

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9. Related party transactions (continued)

The former Chief Financial Officer of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three and six months ended June 30, 2021, the Company paid or accrued professional fees of \$17,139 and \$25,131 (three and six months ended June 30, 2020 - \$12,561, and \$20,732) 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 June 30, 2021, the Company owed \$61,336 (December 31, 2020 - \$203,123) to directors and officers of the Company and entities controlled by or associated with directors and officers of the Company. As at June 30, 2021, MSSI was owed \$4,046 (December 31, 2020 - \$2,914) 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.

In December 2020, one investor of the Company's private placement financing was unable to remit their funds to the Company's trust account and instead remitted their funds directly to Giyani's Chief Executive Officer ("CEO"). The Company's Board of Directors approved an arrangement for the CEO to retain the funds as a prepayment of future fees and expenses. This arrangement was recorded as a related party receivable on the Company's consolidated statement of financial position as at December 31, 2020.

During the three and six months ended June 30, 2021, \$21,060 and \$100,000 of the CEO's fees and approved expense reimbursements were applied against the amount due from related party.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--------------------------|--------------------------------|------|------------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Stock-based compensation | \$ 594,622 | \$ - | \$ 786,346 | \$ 29,366 |

10. Corporate, general and administrative

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------|--------------------------------|------------|------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Professional fees | \$ 503,834 | \$ 171,114 | \$ 837,411 | \$ 301,077 |
| Salaries and benefits | 46,809 | 40,173 | 88,542 | 65,802 |
| Stock-based compensation | 713,023 | - | 904,747 | 29,366 |
| Regulatory fees | 119,242 | 12,763 | 224,934 | 17,546 |
| Shareholder information | 22,378 | 27,860 | 100,343 | 51,632 |
| Travel | 30,111 | 12,265 | 41,250 | 26,249 |
| General and administrative | 60,195 | 10,668 | 91,502 | 22,694 |
| | \$ 1,495,592 | \$ 274,843 | \$ 2,288,729 | \$ 514,366 |

11. 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.

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11. Capital management (continued)

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. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the Exchange which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2021, the Company is compliant with known requirements including Policy 2.5 of the TSX Venture Exchange.

12. 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

The Company's cash is comprised primarily of current deposits held with a Canadian chartered bank. The fair value of cash and funds held in trust approximate their carrying value due to their short-term nature.

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, account receivable, subscription receivable and amounts due from related party.

The Company reduces its risk on cash by maintaining its bank accounts at large Canadian financial institutions, the remaining credit risk noted are minimal.

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, amounts due to related parties and other liabilities. The carrying value of the accounts payable, accrued liabilities, amounts due to related parties and other liabilities approximates fair value as they are short term in nature.

The Company had cash at June 30, 2021 of \$13,789,743 (December 31, 2020 - \$6,338,927). As at June 30, 2021, the Company had accounts payable and accrued liabilities, amounts due to related parties and RSU liability of \$1,079,156 (December 31, 2020 - \$1,008,604).

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12. Financial instruments and risk management (continued)

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, Botswana Pula and United States dollar. Based on the net exposure at June 30, 2021, a 10% depreciation or appreciation of the South African Rand, Botswana Pula and United States dollar against the Canadian dollar would be approximately \$17,643.

13. 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 CEO.

The Company has three operating segments: the exploration, evaluation and development of manganese 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**").

| June 30, 2021 | Botswana Mining | South Africa Mining | Corporate | Total |
|----------------------|----------------------------|--------------------------------|------------------|---------------|
| Total assets | \$ 5,686,323 | \$ - | \$ 13,870,801 | \$ 19,557,124 |
| Total liabilities | 102,402 | 107,251 | 976,446 | 1,186,099 |
| Net loss | 71,705 | - | 2,305,317 | 2,377,022 |

| December 31, 2020 | Botswana Mining | South Africa Mining | Corporate | Total |
|--------------------------|----------------------------|--------------------------------|------------------|---------------|
| Total assets | \$ 3,308,017 | \$ - | \$ 6,704,714 | \$ 10,012,731 |
| Total liabilities | - | 107,402 | 1,008,145 | 1,115,547 |
| Net loss | 28,452 | - | 2,091,337 | 2,119,789 |