



---

# **GIYANI METALS CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**(Expressed in Canadian Dollars)**

## Independent Auditor's Report

---

To the Shareholders of Giyani Metals Corp.:

### Opinion

We have audited the consolidated financial statements of Giyani Metals Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2022 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

Toronto, Ontario  
April 27, 2023

*MNP* **LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

# GIYANI METALS CORP.

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars unless otherwise stated)

| As at                                    |            | December 31,<br>2022 | December 31,<br>2021 |
|--|------------|----------------------|----------------------|
| <b>ASSETS</b>                            |            |                      |                      |
| <b>Current</b>                           |            |                      |                      |
| Cash                                     |            | \$ 11,676,017        | \$ 20,250,602        |
| Statutory receivable                     |            | 43,187               | 184,819              |
| Prepaid and other expenses               |            | 158,959              | 69,442               |
| <b>Current assets</b>                    |            | <b>11,878,163</b>    | <b>20,504,863</b>    |
| <b>Non-current</b>                       |            |                      |                      |
| Property, plant and equipment            | Note 5     | 4,396,445            | 160,935              |
| Exploration and evaluation assets        | Note 6     | 13,055,777           | 8,579,209            |
| <b>Total assets</b>                      |            | <b>\$ 29,330,385</b> | <b>\$ 29,245,007</b> |
| <b>LIABILITIES</b>                       |            |                      |                      |
| <b>Current</b>                           |            |                      |                      |
| Accounts payable and accrued liabilities | Notes 7,10 | \$ 1,099,634         | \$ 1,459,972         |
| Lease liabilities                        | Note 8     | 33,847               | 54,396               |
| <b>Current liabilities</b>               |            | <b>1,133,481</b>     | <b>1,514,368</b>     |
| <b>Non-current</b>                       |            |                      |                      |
| Lease liabilities                        | Note 8     | -                    | 32,859               |
| RSU liability                            | Note 9     | -                    | 25,968               |
| <b>Total liabilities</b>                 |            | <b>\$ 1,133,481</b>  | <b>\$ 1,573,195</b>  |
| <b>EQUITY</b>                            |            |                      |                      |
| Share capital                            | Note 11    | \$ 54,285,787        | \$ 48,077,609        |
| Contributed surplus                      | Note 12    | 8,925,431            | 8,298,318            |
| Warrants                                 | Note 13    | 11,308,269           | 12,689,326           |
| Cumulative translation adjustment        |            | 18,920               | (475,578)            |
| Deficit                                  |            | (46,341,503)         | (40,917,863)         |
|  |            | <b>28,196,904</b>    | <b>27,671,812</b>    |
| <b>Total liabilities and equity</b>      |            | <b>\$ 29,330,385</b> | <b>\$ 29,245,007</b> |

The accompanying notes form an integral part of these consolidated financial statements.

Nature of operations and going concern (note 1)

Subsequent events (note 21)

Approved by the Board of Directors:

Director: Stephanie Hart

Director: John L. Petersen

# GIYANI METALS CORP.

## Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars unless otherwise stated)

| <b>For the years ended</b>                                      |         | <b>December 31,<br/>2022</b> | December 31,<br>2021 |
|---|---------|------------------------------|----------------------|
| <b>Expenses</b>   |         |                              |                      |
| Corporate, general and administrative expenses                  | Note 15 | <b>5,729,695</b>             | 5,145,067            |
| Depreciation  | Note 5  | <b>87,468</b>                | 39,305               |
| <b>Net loss before finance charges and foreign exchange</b>     |         | <b>5,817,163</b>             | 5,184,372            |
| <b>Other items</b>  |         |                              |                      |
| Foreign exchange (gain) loss, net                               |         | <b>(50)</b>                  | 132,788              |
| Loss on acquisition of remaining interest in Lexshell           | Note 6  | -                            | 45,000               |
| Gain on sale of Rock Island Trading (Pty) Ltd.                  | Note 6  | <b>(114,279)</b>             | (247,676)            |
| Finance (income) cost, net                                      |         | <b>(279,194)</b>             | (2,261)              |
| <b>Net loss</b>   |         | <b>\$ 5,423,640</b>          | \$ 5,112,223         |
| <b>Other comprehensive loss</b>                                 |         |                              |                      |
| Items that may be subsequently reclassified to profit and loss: |         |                              |                      |
| Currency translation adjustment                                 |         | <b>(494,498)</b>             | 48,938               |
| <b>Net loss and comprehensive loss for the year</b>             |         | <b>\$ 4,929,142</b>          | \$ 5,161,161         |
| <b>Basic and diluted loss per share</b>                         |         | <b>\$ 0.03</b>               | \$ 0.03              |
| <b>Weighted average number of shares outstanding</b>            |         | <b>212,547,117</b>           | 167,958,153          |

*The accompanying notes form an integral part of these consolidated financial statements.*

# GIYANI METALS CORP.

## Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars unless otherwise stated)

|   | Notes    | Number             | Share Capital<br>Amount | Contributed<br>Surplus | Warrants             | Cumulative<br>Translation<br>Adjustment | Deficit                | Total                |
|---|----------|--------------------|-------------------------|------------------------|----------------------|---|------------------------|----------------------|
| <b>Balance at December 31, 2020</b>                       |          | <b>153,753,234</b> | <b>\$ 30,489,730</b>    | <b>\$ 7,173,754</b>    | <b>\$ 7,465,980</b>  | <b>\$ (426,640)</b>                     | <b>\$ (35,805,640)</b> | <b>\$ 8,897,184</b>  |
| Bought deal equity financing                              | 11b(i)   | 43,052,895         | 23,003,233              | -                      | -                    | -                                       | -                      | 23,003,233           |
| Share issuance costs                                      | 11b(i)   | -                  | (1,854,286)             | -                      | -                    | -                                       | -                      | (1,854,286)          |
| Warrants issued under bought deal equity financing        | 11b(i)   | -                  | (4,846,181)             | -                      | 4,846,181            | -                                       | -                      | -                    |
| Broker warrants issued under bought deal equity financing | 11b(i)   | -                  | (639,886)               | -                      | 639,886              | -                                       | -                      | -                    |
| Exercise of stock options                                 | 11b(iii) | 2,262,500          | 857,753                 | (389,223)              | -                    | -                                       | -                      | 468,530              |
| Exercise of warrants                                      | 11b(iv)  | 4,107,000          | 1,067,246               | -                      | (262,721)            | -                                       | -                      | 804,525              |
| Stock-based compensation                                  | 12(i)    | -                  | -                       | 1,513,787              | -                    | -                                       | -                      | 1,513,787            |
| Currency translation adjustment                           | -        | -                  | -                       | -                      | -                    | (48,938)                                | -                      | (48,938)             |
| Net loss  | -        | -                  | -                       | -                      | -                    | -                                       | (5,112,223)            | (5,112,223)          |
| <b>Balance at December 31, 2021</b>                       |          | <b>203,175,629</b> | <b>\$ 48,077,609</b>    | <b>\$ 8,298,318</b>    | <b>\$ 12,689,326</b> | <b>\$ (475,578)</b>                     | <b>\$ (40,917,863)</b> | <b>\$ 27,671,812</b> |
| Exercise of warrants                                      | 11b(v)   | 13,872,682         | 5,531,660               | -                      | (1,193,770)          | -                                       | -                      | 4,337,890            |
| Exercise of finders warrants                              | 11b(v)   | 998,257            | 456,719                 | -                      | (187,287)            | -                                       | -                      | 269,432              |
| Stock-based compensation                                  | 12(viii) | -                  | -                       | 709,063                | -                    | -                                       | -                      | 709,063              |
| Exercise of stock options                                 | 11b(vi)  | 300,000            | 183,950                 | (81,950)               | -                    | -                                       | -                      | 102,000              |
| Settlement of restricted share units (RSUs)               | 11b(vii) | 94,340             | 35,849                  | -                      | -                    | -                                       | -                      | 35,849               |
| Currency translation adjustment                           | -        | -                  | -                       | -                      | -                    | 494,498                                 | -                      | 494,498              |
| Net loss  | -        | -                  | -                       | -                      | -                    | -                                       | (5,423,640)            | (5,423,640)          |
| <b>Balance at December 31, 2022</b>                       |          | <b>218,440,908</b> | <b>\$ 54,285,787</b>    | <b>\$ 8,925,431</b>    | <b>\$ 11,308,269</b> | <b>\$ 18,920</b>                        | <b>\$ (46,341,503)</b> | <b>\$ 28,196,904</b> |

The accompanying notes are an integral part of these consolidated financial statements.

# GIYANI METALS CORP.

## Consolidated Statements of Cash Flows

(Expressed in Canadian dollars unless otherwise stated)

| <b>For the years ended</b>                           | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--|------------------------------|------------------------------|
| <b>Operating activities</b>                          |                              |                              |
| Net loss   | \$ (5,423,640)               | \$ (5,112,223)               |
| Adjusted for:  |                              |                              |
| Depreciation   | Note 5<br>87,468             | 39,305                       |
| Stock-based compensation                             | Notes 9,12<br>718,944        | 1,539,755                    |
| Finance cost, net                                    | 4,970                        | (2,261)                      |
| Unrealized foreign exchange loss (gain), net         | 188,098                      | 29,573                       |
| Changes in working capital and other:                |                              |                              |
| Decrease (increase) in statutory receivable          | 115,202                      | (67,884)                     |
| Decrease in subscription receivable                  | -                            | 186,900                      |
| Increase in prepaids                                 | (89,034)                     | (29,869)                     |
| Decrease in accounts payable and accrued liabilities | (74,393)                     | (189,650)                    |
| <b>Cash used in operating activities</b>             | <b>(4,472,385)</b>           | <b>(3,606,354)</b>           |
| <b>Investing activities</b>                          |                              |                              |
| Additions to property, plant and equipment           | Note 5<br>(4,169,707)        | (84,564)                     |
| Additions to exploration and evaluation expenditures | Note 6<br>(4,579,808)        | (4,970,523)                  |
| <b>Cash used in investing activities</b>             | <b>(8,749,515)</b>           | <b>(5,055,087)</b>           |
| <b>Financing activities</b>                          |                              |                              |
| Proceeds from bought deal equity financing           | -                            | 23,003,233                   |
| Share issuance costs                                 | -                            | (1,854,286)                  |
| Proceeds from exercise of stock options              | Note 11b(vi)<br>102,000      | 468,530                      |
| Proceeds from exercise of warrants                   | Note 11b(v)<br>4,607,322     | 804,525                      |
| Payment of lease liabilities                         | Note 8<br>(58,886)           | (26,545)                     |
| <b>Cash provided by financing activities</b>         | <b>4,650,436</b>             | <b>22,395,457</b>            |
| <b>(Decrease) increase in cash</b>                   | <b>(8,571,464)</b>           | <b>13,734,016</b>            |
| <b>Cash at beginning of the year</b>                 | <b>20,250,602</b>            | <b>6,338,927</b>             |
| <b>Effect of foreign exchange on cash</b>            | <b>(3,121)</b>               | <b>177,659</b>               |
| <b>Cash position at end of the year</b>              | <b>\$ 11,676,017</b>         | <b>\$ 20,250,602</b>         |

The accompanying notes form an integral part of these consolidated financial statements.



# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

## 1. Nature of operations and going concern

Giyani Metals Corp., formerly Giyani Gold Corp. ("**Giyani**", or "**the Company**"), was incorporated under the Canada Business Corporations Act on July 26, 2007 and continued under the Business Corporations Act of British Columbia on August 4, 2010. 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**") through its wholly owned Botswana subsidiary Menzi Battery Metals (Pty) Ltd. ("**Menzi**"). The Company's Kanye Basin Prospects consist of eight prospecting licences and include the past producing Kgwakgwe Hill mine and project ("**K.Hill Project**"), the Otse manganese prospect ("**Otse**") and the Lobatse manganese prospect ("**Lobatse**"), all of which have seen historical mining activities.

The Company's registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, V6C 2X8. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange ("**TSXV**") under the symbol "EMM".

Giyani's mission is to become one of Africa's first low-carbon producers of high-purity manganese sulphate monohydrate ("**HPMSM**") precursor materials, directly from manganese oxide ore, used by battery manufacturers for the expanding electric vehicle market.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, quarantine periods and social distancing, have caused material disruption to businesses and supply chains globally. Global equity markets have experienced significant volatility. The Company continues to monitor the business environment to ensure minimal disruption to business operations and continues to operate all aspects of its business as intended as of the current date.

These audited consolidated financial statements ("**Financial Statements**") have been prepared using IFRS applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These Financial Statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. For the year ended December 31, 2022, the Company reported a net loss of \$5,423,640 (December 31, 2021 - \$5,112,223) and had an accumulated deficit of \$46,341,503 at December 31, 2022 (December 31, 2021 - \$40,917,863). The Company has positive working capital of \$10,744,682 (December 31, 2021 - \$18,990,495). The continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

## 2. Basis of preparation

### (a) Statement of compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). IFRS includes IFRSs, International Accounting Standards ("**IASs**"), and interpretations issued by the IFRS Interpretations Committee ("**IFRICs**").

The Board of Directors approved these Financial Statements on April 27, 2023.

### (b) Functional and presentation currency

Giyani's Financial Statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency for the subsidiaries through which the Company conducts its operations is determined primarily by the economic environment in which they operate.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

## (c) Basis of measurement

These Financial Statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value through profit or loss (“FVTPL”), as explained in the accounting policies described herein. Additionally, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

## (d) Subsidiaries

These Financial Statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Subsidiaries are consolidated where the Company has the ability to exercise control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated.

## (e) Associates

An associate is an entity over which the investor has significant influence but not control or joint control. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights, but can also arise where the Company has less than 20% if the Company has the power to be actively involved and influential in policy decisions affecting the entity. The Company's share of the net assets and net income or loss is accounted for in the Financial Statements using the equity method of accounting.

Outlined below is information related to the Company's subsidiaries and associates owned by Giyani at December 31, 2022:

| Entity name   | Company ownership (%) | Place of incorporation | Functional currency | Method          |
|---|-----------------------|------------------------|---------------------|-----------------|
| Giyani Metals South Africa (Pty) Ltd.                           | 100                   | South Africa           | South Africa Rand   | Consolidated    |
| Menzi Battery Metals (Pty) Ltd.                                 | 100                   | Botswana               | Botswana Pula       | Consolidated    |
| Alpha 111 Holding Co. Ltd.                                      | 100                   | Barbados               | Canadian Dollar     | Consolidated    |
| Beta 222 Holding Co. Ltd.                                       | 100                   | Barbados               | Canadian Dollar     | Consolidated    |
| Giyani Gold Holdings 333 (Pty) Ltd.                             | 100                   | South Africa           | Canadian Dollar     | Consolidated    |
| Giyani Gold South Africa (Pty) Ltd.                             | 100                   | South Africa           | South Africa Rand   | Consolidated    |
| Lexshell 831 Investments (Pty) Ltd.                             | 100                   | South Africa           | South Africa Rand   | Consolidated    |
| Lexshell 837 Investments (Pty) Ltd.                             | 100                   | South Africa           | South Africa Rand   | Consolidated    |
| Lexshell 154 General Trading (Pty) Ltd. <sup>(1)</sup>          | 100                   | South Africa           | South Africa Rand   | Consolidated    |
| Rock Island Trading 17 (Pty) Ltd. <sup>(1)</sup> <sup>(2)</sup> | 45                    | South Africa           | South Africa Rand   | Joint operation |

<sup>(1)</sup> The Company is in the process of winding-up this subsidiary.

<sup>(2)</sup> The Company's effective ownership in Rock Island Trading 17 (Pty) Ltd. (“**Rock Island**”), a joint operation, is 45%. During the year ended December 31, 2019, the Company entered into an agreement to sell its effective ownership in Rock Island to a third-party. See Note 6. Exploration and Evaluation assets for additional details.

<sup>(3)</sup> GGC South Africa 111 (Pty) Ltd., Obliwize (Pty) Ltd., and Lexshell 845 Investments (Pty) Ltd., prior subsidiaries of the Company, were dissolved in 2022.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

## (f) Use of judgements and estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses and other income for the year. These estimates and assumptions were based on management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience. While management believes that these estimates and judgments are reasonable, actual results may differ from the amounts included in the Financial Statements.

The following are critical and significant judgements and estimates impacting the Financial Statements:

– *Recoverability of exploration and evaluation properties*

Judgement: the application of the Company's accounting policy for exploration and evaluation ("**E&E**") expenditures requires judgement in determining whether the costs related to E&E are eligible for capitalization and whether they are likely to be recoverable by future exploration, which may be based on assumptions about future events and circumstances.

Management is required to assess E&E assets for impairment at each period end. The triggering events are defined in IFRS 6 Exploration and Evaluation of Mineral Resources ("**IFRS 6**"). In making the assessment, management is required to make judgments as to whether indicators of impairment exist:

- the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future,
- substantive expenditure on further E&E of mineral resources in the specific area is neither budgeted nor planned, sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable and facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

– *Classification of E&E evaluation assets to development assets*

Judgement: is required to determine when an E&E project is technically feasible and commercially viable. When this is demonstrable, the carrying value of E&E assets are reclassified as development assets within property, plant and equipment ("**PP&E**"). In assessing the technical feasibility and commercial viability of an asset, the estimated net cash flows are determined by estimating the expected future revenues and costs. There must be high degree of confidence to be able to conclude that the extraction, processing and sale of reserves as well as mineral resources can be undertaken economically.

– *Stock-based compensation*

Estimate: management is required to make certain estimates when determining the fair value of stock option awards and compensatory warrants. These estimates require the input of highly subjective assumptions including the expected price volatility and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the consolidated statements of loss and comprehensive loss based on estimates of forfeiture and expected lives of the underlying stock options and the value attributed to warrants issued as compensation for assets.

– *Going concern*

Judgement: the assessment of the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

– *Estimate of useful lives*

Estimate: for depreciable PP&E assets, management makes estimates to determine depreciation. Should the actual useful life vary from the initial estimation, future depreciation charges may change. Should the componentization of these like assets change, depreciation charges may vary materially.

– *Tax provisions*

Judgement: management makes estimates in determining the measurement and recognition of deferred tax assets and liabilities recorded on the consolidated statements of financial position. The measurement of deferred tax assets and deferred tax liabilities is based on tax rates that are expected to apply in the period that the asset is realized or liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood of taxable income in the future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income or loss are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability to realize the net deferred tax assets recorded at the balance sheet date could be affected. At the end of each reporting period, management reassesses the period that the assets are expected to be realized or liabilities are settled and the likelihood of taxable income in future periods in order to support and adjust the deferred tax assets and deferred tax liabilities recognized on the consolidated statements of financial position.

Estimates: provision for taxes are made using the best estimate of the amount expected to be paid on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

– *Provision for environmental rehabilitation*

Judgement: significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. Additional disturbances and changes in closure and reclamation estimates are accounted for as incurred with a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine. There are currently no environmental rehabilitation provisions recorded.

– *Lease liabilities*

Judgement: for the measurement of lease liabilities, management considers all factors that create an economic incentive to exercise extension options, or not exercise termination options available in its leasing arrangements. Extension options, or periods subject to termination options, are only included in the lease term if management determines it is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Estimate: the Company generally uses the lessee's incremental borrowing rate when initially recording property leases. For property leases, the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the rate of interest that the lessee would pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use-asset in a similar economic environment, over a similar term and with similar security.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements and by all Giyani's entities.

### (a) Basis of consolidation

Intercompany balances and transactions are eliminated upon consolidation. When a Giyani entity transacts with an associate or a subsidiary of the Company, unrealized profits and losses are eliminated to the extent of Giyani's interest in the relevant associate or joint venture. The accounting policies of Giyani's entities are changed when necessary to align them with the policies adopted by the Company.

### (b) Translation of foreign currencies

The functional currency of each individual entity in the Financial Statements is determined using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The functional currency of each entity is listed in Note 2.

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at exchange rates in effect at the transaction dates.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the closing exchange rate. Non-monetary assets and liabilities measured at fair value are translated using the exchange rates at the date when fair value was determined. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates that were in effect at the transaction dates. The same translations are applied when an entity prepares its financial statements from books and records maintained in a currency other than its functional currency, except revenue and expenses may be translated at monthly average exchange rates that approximate those in effect at the transaction dates.

Foreign currency gains and losses arising on period-end revaluations are recognized in the consolidated statements of loss and comprehensive loss.

#### Foreign operations

For the purpose of the Financial Statements, assets and liabilities of Giyani's entities that have functional currencies other than the Canadian dollar are translated to Canadian dollars at the reporting date using the closing exchange rate. Revenue and expenses are translated at yearly average exchange rates that approximate those in effect at the transaction dates. Differences arising from these foreign currency translations are recognized in Cumulative Translation Adjustment ("**CTA**") and presented within equity. When a foreign operation is disposed, the relevant exchange differences accumulated in the foreign currency translation reserve are transferred to the consolidated statements of loss and comprehensive loss as part of the profit or loss on disposal.

Foreign currency gains and losses arising on translation of a monetary item receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are considered to form part of a net investment in the foreign operation. Such gains and losses are recognized in CTA.

### (c) Cash

Cash in the consolidated statements of financial position comprises cash deposits at banks and may, from time to time, include cash held in trust by the Company's legal advisors.

### (d) Deferred acquisition costs

Acquisition costs related to mineral property interests are deferred until such time as title to the claim is obtained and the Company has the right to explore that mineral property. Once title is obtained, the Company reclassifies deferred acquisition costs to acquisition costs within E&E assets. If title to a mineral property is not obtained, the deferred acquisition costs are written-off to the consolidated statements of loss and comprehensive loss during the period when it is determined that title will not be obtained.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

## (e) E&E assets

The Company is in the exploration and development stage with its mineral properties and capitalizes all costs relating to the acquisition and exploration of mineral rights. E&E activity begins when Giyani obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility, and the assessment of commercial viability of an identified resource. Such costs include, among others, geological, geophysical studies, exploratory drilling and sampling, feasibility studies and technical reports.

All E&E expenditures of the Company within an area of interest are recorded as E&E until management and the Board of Directors conclude that the technical feasibility and commercial viability of extracting and developing a mineral resource are demonstrable and that future economic benefits are probable. In making this determination, the extent of exploration as well as the degree of confidence in the mineral resource is considered. Once an E&E project has been established as commercially viable and technically feasible, and a development plan is approved by the Company's Board of Directors, the carrying value of E&E assets are reclassified as development assets within PP&E after a day one impairment test is performed.

The carrying value of the Company's E&E assets is further assessed for impairment when indicators of such impairment exist. Indicators may include the loss of the right to explore in the area; the Company deciding not to continue exploring or incurring substantial additional expenditures on the project; or it being determined that the carrying amount of the project is unlikely to be recovered by its development or sale. If an indicator of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment is determined on an asset-by-asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, impairment is considered on the basis of a cash generating unit ("CGU"). CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other group of assets. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged immediately to the statement of loss and comprehensive loss so as to reduce the carrying amount to its recoverable amount. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of loss and comprehensive loss.

## (f) Construction in progress

Construction in progress ("CIP") is capitalized as work in progress ("WIP") until the asset is available for use. WIP includes any costs directly attributable to bringing the asset into working condition for its intended use. Directly attributable costs are capitalized until the asset is in a location and condition necessary for operation as intended by management. These costs include: the purchase price, installation costs, site preparation costs, survey costs, freight charges, transportation, engineering, design and management, equipment, insurance costs, duties, testing and preparation charges and estimated costs of dismantling and removing the item. CIP is not depreciated. When a CIP asset becomes available for use, its costs are transferred from CIP into another asset category within PP&E. Depreciation commences once the asset is complete and available for use.

## (g) Property, plant and equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

Equipment is depreciated using the following annual rates:

|  |       |                   |
|--|-------|-------------------|
| Computer Equipment                     | 33.3% | Declining balance |
| Vehicle                                | 30.0% | Declining balance |
| Exploration and mining equipment       | 14.3% | Declining balance |
| Furniture and fixtures                 | 14.3% | Declining balance |
| Telecommunication and mobile equipment | 20.0% | Declining balance |

## (h) Right-of use (“ROU”) assets and leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset by means of decision-making rights that are most relevant to changing how and for what purpose the asset is used. In the case where decisions about the asset's purpose is predetermined, the Company is deemed to have the right to direct the use of the asset if either:
  - o the Company has the right to operate the asset; or
  - o the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company recognizes a ROU asset and lease liability at the lease commencement date. The initial measurement of the ROU asset is on a present value basis. This is based on the calculated lease liability plus any initial direct costs incurred, an estimate of removal or restoration costs, and any payments made prior to commencement of the lease less any lease incentives received. The ROU asset and associated leasehold improvements are subsequently depreciated using the straight-line method from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of PP&E. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## (i) Provision for environmental rehabilitation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. The liability is recognized at the time environmental disturbance occurs and the resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows based on engineering and environmental reports prepared by third-party industry specialists and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows.

## (j) Share capital

Proceeds from the exercise of stock options, and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase share capital of the Company. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance.

Proceeds from the issuance of share units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common share and any residual value remaining is allocated to common share purchase warrants.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

## **(k) Share-based payments**

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

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 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 a statistical analysis of daily share prices over the expected life of the option.

The Company has adopted 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 consolidated statements of financial position. Fair value is recognized over the vesting period and reflects an estimate of forfeitures. RSUs terminate when the holder of an RSU ceases to be an eligible director, officer, consultant and employee of the Company.

## **(l) Income tax**

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

## **(m) Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

The dilutive effect of options, warrants, RSUs, and similar instruments on earnings per share is calculated presuming the exercise of outstanding options, warrants, RSU's, and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options, RSU's and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

## **(n) Related party transactions**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.



# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

## (o) Provisions

Provisions are recognized when Giyani has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made. The provisions are recorded as management's best estimate of the amount required to settle an obligation.

## (p) Financial instruments

The table below lists the classification and measurement bases of the Company's financial instruments:

| Classification                           | Measurement base per IFRS 9 |
|--|-----------------------------|
| Cash                                     | FVTPL                       |
| Accounts payable and accrued liabilities | Amortized cost              |

### i. Recognition and measurement

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as FVTPL. The directly attributable transactions costs of financial assets and liabilities as at FVTPL are expensed in the period in which they are incurred. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

### ii. Classification of financial assets

Amortized cost

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of financial assets is the amount at which the financial asset is measured at initial recognition minus the principal payments, plus the cumulative amortization using effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

### iii. Classification of financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

### iv. Impairment of financial instruments

The Company recognizes loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

### v. Embedded derivatives

Giyani considers whether a contract contains an embedded derivative when it becomes a party to the contract. Derivatives embedded in other financial liabilities or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

contracts and the host contracts are not measured at FVTPL.

## vi. Fair value of financial instruments

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values of financial instruments traded in active markets are determined based on quoted market prices, where available.

For financial instruments not traded in an active market, fair values are determined based on appropriate valuation techniques. Such techniques may include discounted cash flow analysis, using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, and other valuation models.

The Company applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuation techniques use significant observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices), or are based on quoted prices for similar instruments; and,
- Level 3: Valuation techniques use significant inputs that are not based on observable market data (unobservable inputs).

The fair values of the Company's cash, and accounts payable and accrued liabilities approximate carrying values recorded on the consolidated statements of financial position.

Cash is a financial instrument measured at fair value through FVPTL using level 1.

During the year ended December 31, 2022, there were no transfers between levels 1, 2 and 3 and there were no changes in valuation techniques.

## vii. Derecognition of financial instruments

Giyani derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or when the Company transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Giyani derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expire or when its terms are modified and the cash flows of the modified liability are substantially different.

## 4. New standards

### New standards and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's Financial Statements that the Company reasonably expects will have an impact on its disclosures, financial position or performance when applied at a future date, are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective

#### **(a) 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";

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

- 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.

The Company will perform an assessment of the amendment on its financial statements prior to the effective date of January 1, 2024. Based on the currently available information, the Company does not anticipate any impact from this amendment on its Financial Statements.

## **(b) Definition of Accounting Estimates – Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and apply to changes in accounting policies and accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

## **(c) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023, with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The amendments are not expected to have a material impact on the Company.

## **(d) Amendments to IAS 12 Income taxes**

Deferred tax related to assets and liabilities arising from a single transaction clarifies the accounting for deferred tax on transactions such as leases and decommissioning obligations by removing the initial recognition exemption for transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023, and are not expected to have a material impact on the Company.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

## 5. Property, plant and equipment

|                                 | Demonstration<br>plant under<br>construction | Furniture and<br>Fixture | Mining and<br>Exploration<br>Equipment | Computer<br>Equipment | Vehicles           | ROU Property       | Leasehold<br>Improvements | Total               |
|---------------------------------|--|--------------------------|--|-----------------------|--------------------|--------------------|---------------------------|---------------------|
| <b>Cost</b>                     |  |                          |  |                       |                    |                    |                           |                     |
| At December 31, 2020            | \$ -   | \$ 35,365                | \$ 54,467                              | \$ 25,742             | \$ -               | \$ -               | \$ -                      | \$ 115,574          |
| Additions                       | -  | 25,951                   | -                                      | 5,047                 | 46,161             | 116,551            | 7,405                     | 201,115             |
| Foreign exchange                | -  | (1,192)                  | -                                      | (158)                 | (2,177)            | (6,722)            | (349)                     | (10,598)            |
| Disposal                        | -  | (31,186)                 | (54,467)                               | (25,742)              | -                  | -                  | -                         | (111,395)           |
| At December 31, 2021            | \$ -   | \$ 28,938                | \$ -                                   | \$ 4,889              | \$ 43,984          | \$ 109,829         | \$ 7,056                  | \$ 194,696          |
| Additions                       | 4,157,815                                    | 5,189                    | -                                      | 8,442                 | 40,103             | -                  | 2,538                     | 4,214,087           |
| Disposal                        | -  | -                        | -                                      | (2,945)               | -                  | -                  | -                         | (2,945)             |
| Foreign exchange                | 108,176                                      | 947                      | -                                      | 188                   | 2,893              | 3,299              | (21)                      | 115,482             |
| <b>At December 31, 2022</b>     | <b>\$ 4,265,991</b>                          | <b>\$ 35,074</b>         | <b>\$ -</b>                            | <b>\$ 10,574</b>      | <b>\$ 86,980</b>   | <b>\$ 113,128</b>  | <b>\$ 9,573</b>           | <b>\$ 4,521,320</b> |
| <b>Accumulated depreciation</b> |  |                          |  |                       |                    |                    |                           |                     |
| At December 31, 2020            | \$ -   | \$ (29,628)              | \$ (47,507)                            | \$ (25,742)           | \$ -               | \$ -               | \$ -                      | \$ (102,877)        |
| Depreciation                    | -  | (3,883)                  | (6,960)                                | (711)                 | (2,408)            | (24,450)           | (894)                     | (39,306)            |
| Foreign exchange                | -  | 202                      | -                                      | 49                    | 209                | 744                | 12                        | 1,216               |
| Disposal                        | -  | 26,997                   | 54,467                                 | 25,742                | -                  | -                  | -                         | 107,206             |
| At December 31, 2021            | \$ -   | \$ (6,312)               | \$ -                                   | \$ (662)              | \$ (2,199)         | \$ (23,706)        | \$ (882)                  | \$ (33,761)         |
| Depreciation expense            | -  | (3,868)                  | -                                      | (2,781)               | (21,588)           | (54,430)           | (4,801)                   | (87,468)            |
| Disposal                        | -  | -                        | -                                      | 608                   | -                  | -                  | -                         | 608                 |
| Foreign exchange                | -  | (215)                    | -                                      | (66)                  | (912)              | (2,846)            | (215)                     | (4,254)             |
| <b>At December 31, 2022</b>     | <b>\$ -</b>                                  | <b>\$ (10,395)</b>       | <b>\$ -</b>                            | <b>\$ (2,901)</b>     | <b>\$ (24,699)</b> | <b>\$ (80,982)</b> | <b>\$ (5,898)</b>         | <b>\$ (124,875)</b> |
| <b>Net book value:</b>          |  |                          |  |                       |                    |                    |                           |                     |
| At December 31, 2021            | \$ -   | \$ 22,626                | \$ -                                   | \$ 4,227              | \$ 41,785          | \$ 86,123          | \$ 6,174                  | \$ 160,935          |
| <b>At December 31, 2022</b>     | <b>\$ 4,265,991</b>                          | <b>\$ 24,679</b>         | <b>\$ -</b>                            | <b>\$ 7,673</b>       | <b>\$ 62,281</b>   | <b>\$ 32,146</b>   | <b>\$ 3,675</b>           | <b>\$ 4,396,445</b> |

Demonstration plant under construction is not being depreciated because it is not available for use.

## 6. Exploration and evaluation assets

### Botswana

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

|                                      | December 31<br>2022  | December 31<br>2021 |
|--------------------------------------|----------------------|---------------------|
| Opening balance                      | \$ 8,579,209         | \$ 3,282,079        |
| Exploration and drilling             | 1,248,373            | 1,705,209           |
| Engineering studies                  | 1,226,492            | 2,105,542           |
| Environmental studies                | 65,237               | 117,512             |
| Geological studies                   | 1,052,726            | 777,338             |
| Other field operations               | 108,228              | 294,602             |
| Metallurgical test work and analysis | 502,473              | 455,624             |
| Acquisition costs and permits        | 80,730               | 79,812              |
| Foreign exchange                     | 192,309              | (238,509)           |
| <b>Total</b>                         | <b>\$ 13,055,777</b> | <b>\$ 8,579,209</b> |

### South Africa

#### Rock Island Gold Project

The Company previously entered into a joint operation agreement relating to the assets of Rock Island with Corridor Mining Resources ("CMR"). The joint operation was operated through Rock Island, a company incorporated in South Africa for which Giyani had a 28.8% effective ownership. For accounting purposes, an impairment of the full carrying amount of the Rock Island Gold Project was recorded 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

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

through Lexshell 837 Investments (Pty) Ltd. ("**Lexshell**").

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.

During the year 2021, the Company and Malungani amended the terms and completed the Lexshell Agreement for cash consideration of \$45,000 as full and final settlement.

As at and during the year ended December 31, 2022:

- The Rock Island Agreement had not been completed;
- The Company received ZAR1,400,000 (\$114,279) (December 31, 2021 - ZAR2,354,905 (\$247,676)) from CMR which were recorded in the statement of loss and comprehensive loss.

## 7. Accounts payable and accrued liabilities

|                     | December 31<br>2022 | December 31<br>2021 |
|---------------------|---------------------|---------------------|
| Trade payables      | \$ 80,838           | \$ 283,182          |
| Accrued liabilities | 1,018,796           | 1,176,790           |
| <b>Total</b>        | <b>\$ 1,099,634</b> | <b>\$ 1,459,972</b> |

## 8. Lease liabilities

|  | December 31<br>2022 | December 31<br>2021 |
|--|---------------------|---------------------|
| Lease liabilities, beginning of the period | \$ 87,255           | \$ -                |
| Additions                                  | -                   | 116,551             |
| Finance cost                               | 4,970               | 2,854               |
| Lease payments                             | (58,886)            | (26,545)            |
| Foreign exchange                           | 508                 | (5,605)             |
| <b>Lease liabilities, end of the year</b>  | <b>\$ 33,847</b>    | <b>\$ 87,255</b>    |

|  | December 31<br>2022 | December 31<br>2021 |
|--|---------------------|---------------------|
| Current portion of lease liabilities     | \$ 33,847           | \$ 54,396           |
| Non-current portion of lease liabilities | -                   | 32,859              |
| <b>Total</b>                             | <b>\$ 33,847</b>    | <b>\$ 87,255</b>    |

The Company recognized lease liabilities for the lease of several properties in Botswana at an incremental borrowing rate of 8.0%.

Payments made for short term leases are captured in the consolidated statements of loss and comprehensive loss for the amount \$5,183 (December 31, 2021 - \$10,711).

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

## 9. RSU liability

The Company has adopted a RSU Plan under which the Board of Directors of the Company may grant to directors, officers, employees and consultants of the Company, non-transferable 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 shall not exceed 10% of the issued and outstanding common shares.

On June 17, 2021, the Company granted 188,680 RSUs to an officer of the Company which were to vest equally on April 21, 2022, and April 21, 2023. The RSUs granted are accounted for under the liability method whereby a liability is recorded at grant date equal to the fair value of the RSUs. At each reporting date, changes in fair value are recognized in the stock-based compensation in the condensed interim consolidated statements of loss and comprehensive loss.

During the year ended December 31, 2022, 94,340 RSUs were settled, resulting in the issuance of the corresponding number of common shares and the remaining 94,340 RSUs were forfeited.

For the year ended December 31, 2022, the Company recorded stock-based compensation expense for the RSUs of \$9,881 (December 31, 2021 – \$25,968) in the consolidated statements of loss and comprehensive loss.

As at December 31, 2022, no RSUs were outstanding.

## 10. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Related party transactions for the years ended December 31, 2022 and 2021 are as follows:

| <b>Transaction type</b>                 | <b>Nature of relationship</b> | <b>December 31<br/>2022</b> | <b>December 31<br/>2021</b> |
|---|-------------------------------|-----------------------------|-----------------------------|
| Management fees                         | Officers                      | \$ 1,575,724                | \$ 1,261,280                |
| Director fees                           | Directors                     | 310,855                     | 223,812                     |
| Exploration and evaluation expenditures | Management                    | 437,476                     | 929,837                     |
| Accounting and audit                    | Former officer                | -                           | 17,791                      |
| Stock-based compensation                | Directors and officers        | 587,899                     | 1,466,644                   |
| <b>Total</b>                            |                               | <b>\$ 2,911,954</b>         | <b>\$ 3,899,364</b>         |

A summary of amount due to related parties which is recorded in accounts payable and accrued liabilities is:

| <b>Transaction type</b> | <b>Nature of relationship</b> | <b>December 31<br/>2022</b> | <b>December 31<br/>2021</b> |
|-------------------------|-------------------------------|-----------------------------|-----------------------------|
| Management fees         | Officers and management       | \$ 167,500                  | \$ 324,309                  |

## 11. 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:

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

|  |           | Number of<br>shares | Amount<br>\$         |
|--|-----------|---------------------|----------------------|
| <b>Balance, December 31, 2020</b>                                      |           | <b>153,753,234</b>  | <b>\$ 30,489,730</b> |
| Bought deals, equity financing   | (i), (ii) | 43,052,895          | 23,003,233           |
| Fair value of warrants issued in bought deals financing                | (i), (ii) | -                   | (4,846,181)          |
| Fair value of broker warrants issued in bought deals financing         | (i), (ii) | -                   | (639,886)            |
| Share issuance costs   | (i), (ii) | -                   | (1,854,286)          |
| Exercise of stock options  | (iii)     | 2,262,500           | 468,530              |
| Fair value reclassified upon exercise of stock options                 | (iii)     | -                   | 389,223              |
| Exercise of warrants   | (iv)      | 4,107,000           | 804,525              |
| Fair value reclassified upon exercise of warrants                      | (iv)      | -                   | 262,721              |
| <b>Balance, December 31, 2021</b>                                      |           | <b>203,175,629</b>  | <b>\$ 48,077,609</b> |
| Exercise of warrants   | (v)       | 13,872,682          | 4,337,890            |
| Exercise of finders warrants   | (v)       | 998,257             | 269,432              |
| Fair value reclassified upon exercise of warrants and finders warrants | (v)       | -                   | 1,381,057            |
| Exercise of stock options  | (vi)      | 300,000             | 102,000              |
| Fair value reclassified upon exercise of stock options                 | (vi)      | -                   | 81,950               |
| Fair value of RSUs settled   | (vii)     | 94,340              | 35,849               |
| <b>Balance, December 31, 2022</b>                                      |           | <b>218,440,908</b>  | <b>\$ 54,285,787</b> |

(i) 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 the 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 \$289,676 in issuance costs were capitalized.

The 8,458,249 share purchase warrants and 930,407 broker warrants were assigned a fair value of \$2,348,136 and \$352,486, 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. Each broker warrant is exercisable for one share at \$0.68 for a period of 1.5 years.

(ii) On December 3, 2021, the Company closed a bought deal equity financing for gross proceeds of \$11,500,013 and issued 26,136,395 units at \$0.44 per unit. The financing included the exercise in full of the underwriter's over-allotment option to purchase up to an additional 15% of the units of the offering (3,409,095 units) on the same terms. Each unit consisted of one common share of Giyani and one half of a share purchase warrant exercisable at \$0.60 for a period of 24 months from the date of issuance. In conjunction with the bought deal financing, \$616,748 in finders' fees were paid and an additional \$315,185 in issuance costs were capitalized.

The 13,068,197 share purchase warrants and 1,381,241 broker warrants were assigned a fair value of \$2,498,045 and \$287,400, respectively. Fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions: share price \$0.34, dividend yield 0%; expected volatility (based on historical price data of the Company's common share) 133%; risk-free interest rate 1.01%; and an expected life 2 years. Each broker warrant is exercisable for share at \$0.44 for a period of two years.

(iii) During the year ended December 31, 2021, a former officer, a current officer and a current director exercised 2,262,500 stock options exercisable between \$0.10 and \$0.34 for total gross proceeds of \$468,530. The fair value of the stock options exercised was \$389,223 which was reallocated from contributed surplus to share capital.

(iv) During the year ended December 31, 2021, 4,107,000 warrants with exercise prices between \$0.10 and \$0.35 were exercised for gross proceeds of \$804,525. The fair value of the warrants exercised was \$262,721 which was reallocated from warrants to share capital.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

(v) During the year ended December 31, 2022, 13,872,682 warrants with exercise prices between \$0.20 and \$0.35 were exercised for gross proceeds of \$4,337,890. 998,257 of finders' warrants with exercise prices between \$0.125 and \$0.35 were exercised for gross proceeds of \$269,432. The fair value of the warrants and finders' warrants exercised was \$1,193,770 and \$187,287 which was reallocated from warrants to share capital.

(vi) For the year ended December 31, 2022, a current officer and a current director exercised 300,000 stock options with exercise price of \$0.34 for total gross proceeds of \$102,000. The fair value of the stock options exercised was \$81,950 which was reallocated from contributed surplus to share capital.

(vii) During the year ended December 31, 2022, a former officer settled 94,340 RSUs resulting in 94,340 common shares issued. The fair value of the RSUs exercised was \$35,849 which was reallocated from RSU liability to share capital.

## 12. 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<br>stock options<br>outstanding | Weighted<br>average<br>exercise price |
|-----------------------------------|------------------------|---|---------------------------------------|
| <b>Balance, December 31, 2020</b> |                        | <b>10,112,500</b>                         | <b>\$ 0.22</b>                        |
| Exercised                         | note 11(b)(iii)        | (2,262,500)                               | 0.21                                  |
| Granted                           | (i), (ii), (iii), (iv) | 4,462,500                                 | 0.49                                  |
| Forfeited                         | (v)                    | (500,000)                                 | 0.21                                  |
| <b>Balance, December 31, 2021</b> |                        | <b>11,812,500</b>                         | <b>\$ 0.32</b>                        |
| Exercised                         | note 11(b)(vi)         | (300,000)                                 | 0.34                                  |
| Granted                           | (vi, vii, viii)        | 2,950,000                                 | 0.26                                  |
| Expired                           | (ix)                   | (750,000)                                 | 0.30                                  |
| Forfeited                         | (ix)                   | (1,383,333)                               | 0.27                                  |
| <b>Balance, December 31, 2022</b> |                        | <b>12,329,167</b>                         | <b>\$ 0.31</b>                        |

(i) On January 18, 2021, the Company granted 750,000 stock options to management with each stock option exercisable into one common share of the Company at an exercise price of \$0.465 per common share until January 18, 2026, 250,000 stock options vested immediately and the remaining 500,000 stock options vested equally on the one and two year anniversaries of the grant date and are 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.

(ii) On April 21, 2021, the Company granted 2,062,500 stock options to management with each stock option exercisable into one common share of the Company at an exercise price of \$0.53 per common 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 (vested) and two year (refer to (ix) below) 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.



## GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

(iii) On June 18, 2021, the Company granted 450,000 stock options to directors with each stock option exercisable into one common share of the Company at an exercise price of \$0.40 per common 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.

(iv) On September 2, 2021, the Company granted 1,200,000 stock options to directors and management with each stock option exercisable into one common share of the Company at an exercise price of \$0.48 per common share until September 2, 2026. 633,334 options vested immediately, 83,333 vested on September 2, 2022, and 83,333 will vest on September 2, 2023; 150,000 options vested on February 16, 2022; and 250,000 options will vest in thirds on January 26, 2022 (vested), July 26, 2022 (vested), and July 26, 2023. A fair value of \$511,829 was determined using the Black Scholes option pricing model. The following assumptions were used: share price \$0.48, dividend yield 0%; expected volatility (based on historical price data of the Company's common share) 142%; risk-free interest rate 0.77%; and an expected life 5 years.

(v) During the year ended December 31, 2021, 500,000 stock options with exercise prices between \$0.15 and \$0.53 were forfeited.

(vi) On April 1, 2022, 475,000 options were granted to certain officers and employees of the Company in accordance with the Company's current Stock Option Plan. Each option is exercisable into one common share of the Company at a price of \$0.33 per common share for a period of five years from the date of grant. 75,000 options vested on April 12, 2022; 250,000 options will vest in thirds on April 1, 2022 (vested), April 1, 2023, and April 1, 2024; and 150,000 options will vest in thirds on August 19, 2022 (vested), April 19, 2023, and April 19, 2024. A fair value of \$133,710 was determined using the Black Scholes option pricing model. The following assumptions were used: share price \$0.32, dividend yield 0%; expected volatility (based on historical price data of the Company's common share) 137%; risk-free interest rate – 2.46%; and an expected life 5 years.

(vii) On June 17, 2022, 1,000,000 options were granted to certain officers and directors of the Company in accordance with the Company's current Stock Option Plan. Each option is exercisable into one common share of the Company at a price of \$0.36 per common share for a period of five years from the date of grant. 750,000 options vested immediately; 250,000 options will vest in thirds on July 2, 2022 (vested), and July 2, 2023, and July 2, 2024. A fair value of \$326,579 was determined using the Black Scholes option pricing model. The following assumptions were used: share price \$0.37, dividend yield 0%; expected volatility (based on historical price data of the Company's common share) 136%; risk-free interest rate – 3.32%; and an expected life 5 years.

(viii) On November 14, 2022, 1,475,000 options were granted to a consultant, officer and director of the Company in accordance with the Company's current Stock Option Plan. Each option is exercisable into one common share of the Company at a price of \$0.165 per common share for a period of five years from the date of grant. 350,000 options vested immediately; 125,000 options will vest in thirds on November 14, 2022 (vested), October 24, 2023, and October 24, 2024. 50% of 1,000,000 options vested on November 14, 2022, and the remaining 50% shall vest at the discretion of the Board. A fair value of \$221,094 was determined using the Black Scholes option pricing model. The following assumptions were used: share price \$0.17, dividend yield 0%; expected volatility (based on historical price data of the Company's common share) 135%; risk-free interest rate – 3.33%; and an expected life 5 years.

(ix) During the year ended December 31, 2022, the Company recorded stock-based compensation in connection with the vesting of options totaling \$709,063 (December 31, 2021 - \$1,513,787) in the audited consolidated statements of loss and comprehensive loss. During the year ended December 31, 2022, 1,383,333 stock options with exercise prices between \$0.15 and \$0.53 were forfeited and 750,000 stock options with exercise price of \$0.30 were expired.

Stock options outstanding as at December 31, 2022:

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

| Expiry date        | Remaining           |                          | Total options     | Options exercisable |
|--------------------|---------------------|--------------------------|-------------------|---------------------|
|                    | Exercise price (\$) | contractual life (years) |                   |                     |
| April 25, 2023     | 0.23                | 0.32                     | 350,000           | 350,000             |
| September 28, 2023 | 0.28                | 0.74                     | 1,925,000         | 1,925,000           |
| October 3, 2023    | 0.15                | 0.76                     | 300,000           | 300,000             |
| October 3, 2023    | 0.19                | 0.76                     | 600,000           | 600,000             |
| October 3, 2023    | 0.53                | 0.76                     | 666,667           | 666,667             |
| November 19, 2024  | 0.15                | 1.89                     | 750,000           | 750,000             |
| July 5, 2025       | 0.15                | 2.51                     | 375,000           | 375,000             |
| September 24, 2025 | 0.19                | 2.73                     | 1,000,000         | 1,000,000           |
| January 18, 2026   | 0.47                | 3.05                     | 750,000           | 500,000             |
| April 21, 2026     | 0.53                | 3.31                     | 1,012,500         | 762,500             |
| June 18, 2026      | 0.40                | 3.47                     | 450,000           | 450,000             |
| September 2, 2026  | 0.48                | 3.67                     | 1,200,000         | 1,033,334           |
| April 1, 2027      | 0.33                | 4.25                     | 475,000           | 208,334             |
| June 17, 2027      | 0.36                | 4.46                     | 1,000,000         | 833,334             |
| November 14, 2027  | 0.165               | 4.87                     | 1,475,000         | 891,667             |
|                    |                     |                          | <b>12,329,167</b> | <b>10,645,836</b>   |

## 13. Warrants

Warrant transactions are summarized as follows:

|                                   |                 | Number of warrants outstanding | Weighted average exercise price |
|-----------------------------------|-----------------|--------------------------------|---------------------------------|
| <b>Balance, December 31, 2020</b> |                 | <b>28,914,820</b>              | <b>\$ 0.30</b>                  |
| Issued                            | note 11b (i,ii) | 23,838,094                     | 0.74                            |
| Exercised                         | note 11b (iv)   | (4,107,000)                    | 0.20                            |
| <b>Balance, December 31, 2021</b> |                 | <b>48,645,914</b>              | <b>\$ 0.52</b>                  |
| Exercised                         | note 11b (v)    | (14,870,939)                   | 0.31                            |
| Expired                           |                 | (18,113,038)                   | 0.67                            |
| <b>Balance, December 31, 2022</b> |                 | <b>15,661,937</b>              | <b>\$ 0.55</b>                  |

Warrants outstanding as at December 31, 2022:

| Expiry date                        | Exercise price (\$) | Remaining contractual life (years) | Warrants exercisable |
|------------------------------------|---------------------|------------------------------------|----------------------|
|                                    |                     |                                    |                      |
| December 3, 2023                   | 0.60                | 0.92                               | 13,068,198           |
| December 3, 2023 (broker warrants) | 0.44                | 0.92                               | 1,381,241            |
|                                    |                     |                                    | <b>15,661,937</b>    |

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

## 14. Income tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 - 26.5%) to the effective tax rate is as follows:

|   | December 31<br>2022 | December 31<br>2021 |
|---|---------------------|---------------------|
| Loss before income taxes  | \$ (5,423,640)      | \$ (5,112,223)      |
| Combined statutory income tax rate                                    | 26.5%               | 26.5%               |
| Income tax benefit at the combined Canadian statutory income tax rate | (1,437,265)         | (1,354,739)         |
| Share issuance cost booked through equity                             | -                   | (660,960)           |
| Share-based compensation and other non-deductible expenses            | 203,580             | 412,722             |
| Prior year true-up  | (853,813)           | -                   |
| Change in tax benefits not recognized                                 | 2,087,498           | 1,602,977           |
| Actual income tax expense   | \$ -                | \$ -                |

|                      | December 31<br>2022 | December 31<br>2021 |
|----------------------|---------------------|---------------------|
| <b>Income tax</b>    |                     |                     |
| Current tax expense  | \$ -                | \$ -                |
| Deferred tax expense | -                   | -                   |
|                      | \$ -                | \$ -                |

The following table summarizes the components of deferred tax:

|                                    | December 31<br>2022 | December 31<br>2021 |
|------------------------------------|---------------------|---------------------|
| <b>Deferred Tax Assets</b>         |                     |                     |
| Non-capital losses carried forward | 19,091              | 19,320              |
| Lease liabilities                  | 7,446               | 13,410              |
| <b>Deferred Tax Liabilities</b>    |                     |                     |
| Right of use assets                | (7,070)             | (19,000)            |
| Property, plant and equipment      | (19,467)            | (13,730)            |
| <b>Net Deferred Tax Asset</b>      | \$ -                | \$ -                |

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets that have not been recognized in respect of the following deductible temporary differences:

The net capital loss carry forward may be carried forward indefinitely but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2025. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The Company's South Africa and Botswana non-capital income tax losses can be carried forward indefinitely.

The Company's Barbados non-capital income tax losses expire between 2026 and 2029.

The Canadian non-capital income tax losses expire as follows:

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

|   | December 31<br>2022 | December 31<br>2021 |
|---|---------------------|---------------------|
| Property and equipment                      | \$ 124,325          | \$ 123,430          |
| Related party loan payable income inclusion | -                   | 441,010             |
| Share issue costs                           | 1,915,339           | 2,628,920           |
| Resource pools- Mineral properties          | 2,204,470           | 2,204,470           |
| Non-capital losses carried forward          | 22,552,521          | 17,186,830          |
| Capital losses carried forward              | 351,607             | 349,770             |
| <b>South Africa</b>                         |                     |                     |
| Non-capital losses carried forward          | 1,164,937           | 1,588,610           |
| Exploration and evaluation assets           | 1,837,890           | 1,837,890           |
| <b>Barbados</b>                             |                     |                     |
| Non-capital losses carried forward          | 482,753             | -                   |
| <b>Botswana</b>                             |                     |                     |
| Non-capital losses carried forward          | 4,880,673           | 527,960             |
| Lease liabilities                           | 1,701               | 1,440               |
| Property, plant and equipment               | -                   | (62,400)            |

| Year | December 31<br>2022 |
|------|---------------------|
| 2030 | \$ 446,903          |
| 2031 | 1,801,969           |
| 2032 | 1,945,133           |
| 2033 | 1,549,617           |
| 2034 | 1,356,440           |
| 2035 | 811,440             |
| 2036 | 537,485             |
| 2037 | 889,230             |
| 2038 | 1,365,650           |
| 2039 | 1,292,327           |
| 2040 | 1,255,888           |
| 2041 | 3,933,667           |
| 2042 | 5,366,772           |
|      | <b>\$22,552,521</b> |

## 15. Corporate, general and administrative

|                                  | December 31<br>2022 | December 31<br>2021 |
|----------------------------------|---------------------|---------------------|
| Management fees                  | \$ 2,459,671        | \$ 1,682,096        |
| Investor relations and marketing | 853,948             | 617,001             |
| Stock-based compensation         | 718,944             | 1,539,755           |
| Accounting and audit             | 447,094             | 191,513             |
| General and administrative       | 409,007             | 121,746             |
| Director fees                    | 310,855             | 223,812             |
| Legal fees                       | 169,918             | 198,091             |
| Travel                           | 156,047             | 326,686             |
| Filing and compliance fees       | 104,586             | 157,912             |
| Insurance                        | 58,036              | 33,611              |
| Corporate development            | 41,589              | 52,844              |
|                                  | <b>\$ 5,729,695</b> | <b>\$ 5,145,067</b> |

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

---

## 16. Capital management

The Company's policy is to maintain a strong capital base 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 processes to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV 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 December 31, 2022, the Company is compliant with known requirements including Policy 2.5 of the TSXV.

## 17. Financial instruments and risk management

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.

The Company has assessed the credit risk on its cash as low as the majority of its funds are held in large Canadian financial institutions.

### *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 and anticipated investing and financing activities. The Company's financial obligations currently consist of accounts payable and accrued liabilities, and lease liabilities.

The Company had cash at December 31, 2022, of \$11,676,017 (December 31, 2021 - \$20,250,602). As at December 31, 2022, the Company had accounts payable and accrued liabilities, and lease liabilities of \$1,133,481 (December 31, 2021 - \$1,573,195).

### *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, Great Britain Pound, Botswana Pula and United States dollar. Based on the net exposure at December 31, 2022, a 10% depreciation or appreciation of the South African Rand, Botswana Pula and United States dollar against the Canadian dollar would be approximately \$6,140.

# GIYANI METALS CORP.

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise stated)

## 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.

## 18. 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 or Executive Chair.

The Company has three operating segments: (1) Botswana Battery Metals Project for the exploration, evaluation and development of its manganese assets located in Botswana and assets under construction in South Africa, (2) South Africa Mining for activities related to legacy projects in South Africa. The rest of the entities within the Company are grouped into the Corporate segment.

The segment information is as follows:

| December 31, 2022 | Botswana Battery<br>Metals Project | South Africa<br>Mining | Corporate     | Total         |
|-------------------|------------------------------------|------------------------|---------------|---------------|
| Total assets      | \$ 18,001,772                      | \$ -                   | \$ 11,328,613 | \$ 29,330,385 |
| Total liabilities | 91,212                             | 264,076                | 778,193       | 1,133,481     |
| Net loss (income) | 471,322                            | (92,209)               | 5,044,527     | 5,423,640     |

| December 31, 2021 | Botswana Battery<br>Metals Project | South Africa<br>Mining | Corporate     | Total         |
|-------------------|------------------------------------|------------------------|---------------|---------------|
| Total assets      | \$ 9,131,987                       | \$ -                   | \$ 20,113,020 | \$ 29,245,007 |
| Total liabilities | 217,524                            | 283,392                | 1,072,279     | 1,573,195     |
| Net loss (income) | 326,153                            | (243,391)              | 5,029,461     | 5,112,223     |

## 19. Commitments

|                             | Within one<br>year | Two-five<br>years | Total        |
|-----------------------------|--------------------|-------------------|--------------|
| Construction in progress    | \$ 6,978,738       | \$ -              | \$ 6,978,738 |
| Botswana licence activities | 640,173            | 999,918           | 1,640,091    |
| Minimum lease payments      | 34,764             | -                 | 34,764       |
|                             | \$ 7,653,675       | \$ 999,918        | \$ 8,653,593 |

## 20. Reclassification

Certain comparative figures have been reclassified to conform to the current year presentation. The reclassification had no impact on the consolidated statements of loss and comprehensive loss.

## 21. Subsequent events

Subsequent to year end:

- On April 3, 2023, 3,000,000 stock options were granted to an officer and director of the Company in accordance with the Company's current Stock Option Plan. Each option is exercisable into one common share of the Company at a price of \$0.20 per common share for a period of five years from the date of grant. The options are subject to a series of vesting conditions and remain unvested.
- 412,500 stock options expired unexercised on April 25, 2023.