GIYANI METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

(Expressed in Canadian Dollars)

(UNAUDITED)

GIYANI METALS CORP.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars unless otherwise stated)

As at		June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Current			
Cash		$ 7,158,567	$ 11,676,017
Statutory receivable		42,657	43,187
Prepaid and other expenses		100,322	158,959
Current assets		7,301,546	11,878,163
Non-current			
Property, plant and equipment	Note 5	6,378,062	4,396,445
Exploration and evaluation assets	Note 6	12,745,954	13,055,777
Total assets		$ 26,425,562	$ 29,330,385
LIABILITIES			
Current			
Accounts payable and accrued liabilities	Notes 7,9	$ 1,609,741	$ 1,099,634
Lease liabilities	Note 8	38,662	33,847
		1,648,403	1,133,481
Non-current			
Lease liabilities	Note 8	37,401	-
Total liabilities		$ 1,685,804	$ 1,133,481
EQUITY			
Share capital	Note 10	$ 54,437,439	$ 54,285,787
Contributed surplus	Note 11	9,094,739	8,925,431
Warrants	Note 12	11,260,336	11,308,269
Cumulative translation adjustment		(1,383,306)	18,920
Deficit		(48,669,450)	(46,341,503)
		24,739,758	28,196,904
Total liabilities and equity		$ 26,425,562	$ 29,330,385

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

Nature of operations and going concern (note 1)

Approved by the Board of Directors:

Director: Stephanie Hart

Director: John L. Petersen

GIYANI METALS CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars unless otherwise stated)

		For the three months ended		For the six months ended	
For the periods ended		**June 30, 2023**	June 30, 2022	**June 30, 2023**	June 30, 2022
Expenses					
Corporate, general and adminstrative expenses	Note 13	**$ 1,141,055**	$ 1,879,203	**$ 2,496,265**	$ 3,492,855
Depreciation	Note 5	**19,652**	22,989	**40,123**	43,102
Net loss before finance charges and foreign exchange		**1,160,707**	1,902,192	**2,536,388**	3,535,957
Other items					
Foreign exchange loss, net		**2,991**	11,938	**10,449**	(6,736)
Gain on sale of Rock Island Trading (Pty) Ltd.	Note 6	**(25,939)**	(57,847)	**(25,939)**	(87,517)
Finance (income), net		**(84,857)**	(39,465)	**(192,951)**	(57,269)
Net loss		**$ 1,052,902**	$ 1,816,818	**$ 2,327,947**	$ 3,384,435
Other comprehensive loss					
Items that may be subsequently reclassified to profit and loss:					
Currency translation adjustment		**584,744**	(71,900)	**1,402,226**	18,821
Net loss and comprehensive loss for the period		**$ 1,637,646**	$ 1,744,918	**$ 3,730,173**	$ 3,403,256
Basic and diluted loss per share		**$ 0.00**	$ 0.01	**$ 0.01**	$ 0.02
Weighted average number of shares outstanding		**218,895,061**	208,791,966	**218,667,984**	204,861,074

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

GIYANI METALS CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars unless otherwise stated)

	Notes	Number	Share Capital Amount	Contributed Surplus	Warrants	Cumulative Translation Adjustment	Deficit	Total
Balance at December 31, 2021		**203,175,629**	**$ 48,077,609**	**$ 8,298,318**	**$ 12,689,326**	**$ (475,578)**	**$ (40,917,863)**	**$ 27,671,812**
Exercise of warrants	10b(i)	13,309,516	5,480,945	-	(1,143,055)	-	-	4,337,890
Exercise of finders warrants	10b(i)	998,257	456,719	-	(187,287)	-	-	269,432
Stock-based compensation	11(iv)	-	-	646,815	-	-	-	646,815
Exercise of stock options		300,000	183,950	(81,950)	-	-	-	102,000
Settlement of restricted share units (RSUs)	10b(iii)	94,340	35,849	-	-	-	-	35,849
Currency translation adjustment		-	-	-	-	(18,821)	-	(18,821)
Net loss		-	-	-	-	-	(3,384,435)	(3,384,435)
Balance at June 30, 2022		**217,877,742**	**54,235,072**	**8,863,183**	**11,358,984**	**(494,399)**	**(44,302,298)**	**29,660,542**
Exercise of warrants	10b(i)	563,166	50,715	-	(50,715)	-	-	-
Exercise of finders warrants	10b(i)	-	-	-	-	-	-	-
Stock-based compensation	11(iv)	-	-	62,248	-	-	-	62,248
Currency translation adjustment		-	-	-	-	513,319	-	513,319
Net loss		-	-	-	-	-	(2,039,205)	(2,039,205)
Balance at December 31, 2022		**218,440,908**	**$ 54,285,787**	**$ 8,925,431**	**$ 11,308,269**	**$ 18,920**	**$ (46,341,503)**	**$ 28,196,904**
Exercise of warrants	10b(iv)	1,037,187	151,652	-	(47,933)	-	-	103,719
Stock-based compensation	11(vi)	-	-	169,308	-	-	-	169,308
Currency translation adjustment		-	-	-	-	(1,402,226)	-	(1,402,226)
Net loss		-	-	-	-	-	(2,327,947)	(2,327,947)
Balance at June 30, 2023		**219,478,095**	**$ 54,437,439**	**$ 9,094,739**	**$ 11,260,336**	**$ (1,383,306)**	**$ (48,669,450)**	**$ 24,739,758**

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

GIYANI METALS CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars unless otherwise stated)

For the periods ended		June 30, 2023	June 30, 2022
Operating activities			
Net loss		**$ (2,327,947)**	$ (3,384,435)
Adjusted for:			
Depreciation	Note 5	**40,123**	43,102
Stock-based compensation	Note 11(vi)	**169,308**	676,372
Finance (income), net		**798**	3,575
Unrealized foreign exchange loss (gain), net		**(321,084)**	78,605
Changes in working capital and other:			
Increase in statutory receivable		**(388)**	(69,784)
Decrease (increase) in prepaids		**57,014**	(45,659)
Increase (decrease) in accounts payable and accrued liabilities		**(52,469)**	367,203
Cash used in operating activities		**(2,434,645)**	**(2,331,021)**
Investing activities			
Additions to property, plant and equipment	Note 5	**(1,720,486)**	(537,133)
Additions to exploration and evaluation expenditures	Note 6	**(442,539)**	(2,596,109)
Cash used in investing activities		**(2,163,025)**	(3,133,242)
Financing activities			
Proceeds from exercise of stock options	Note 10b(ii)	**-**	102,000
Proceeds from exercise of warrants	Note 10b(iv)	**103,719**	4,607,322
Payment of lease liabilities	Note 8	**(28,312)**	(30,301)
Cash provided by financing activities		**75,407**	4,679,021
Decrease in cash		**(4,522,263)**	(785,242)
Cash at beginning of the period		**11,676,017**	20,250,602
Effect of foreign exchange on cash		**4,813**	(3,122)
Cash position at end of the period		**$ 7,158,567**	$ 19,462,238

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

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 unaudited condensed interim consolidated financial statements ("**Interim 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 Interim Financial Statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. For the three and six months period ended June 30, 2023, the Company reported a net loss of $1,052,902 and $2,327,947, respectively (three and six months ended June 30, 2022 - $1,816,818 and $3,384,435) and had an accumulated deficit of $48,669,450 at June 30, 2023 (December 31, 2022 - $46,341,503). The Company has positive working capital of $5,653,143 (December 31, 2022 - $10,744,682). 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 Interim Financial Statements as at and for the three and six months ended June 30, 2023 and 2022 have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" using accounting policies consistent with the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the IFRS Interpretations Committee ("**IFRICs**").

These Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022.

The Board of Directors approved these Interim Financial Statements on August 25, 2023.

(b) Use of judgements and estimates

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets, liabilities, income and expenses. Actual results could differ from these estimates, judgments and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant estimates and judgments applied in the preparation of these Interim Financial Statements are consistent with those applied and disclosed in Note 2(f) to the Company's audited consolidated financial statements for the year ended December 31, 2022.

3. Significant accounting policies

The accounting policies and methods of computation applied by the Company in these Interim Financial Statements are the same as those applied in the Company’s audited annual consolidated financial statements for the year ended December 31, 2022.

4. New standards

<u>New standards and interpretations not yet adopted</u>

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.

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

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

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

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 Interim Financial Statements.

(Expressed in Canadian dollars unless otherwise stated)

5. Property, plant and equipment

	Demonstration plant under construction	Furniture and Fixture	Computer Equipment	Vehicles	ROU Property	Leasehold Improvements	Total
Cost							
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
Foreign exchange	108,176	947	188	2,893	3,299	(21)	115,482
Disposal	-	-	(2,945)	-	-	-	(2,945)
At December 31, 2022	$ 4,265,991	$ 35,074	$ 10,574	$ 86,980	$ 113,128	$ 9,573	$ 4,521,320
Additions	2,376,855	-	1,759	-	72,665	-	2,451,279
Foreign exchange	(416,641)	(3,479)	(645)	(9,796)	(12,992)	(1,078)	(444,631)
At June 30, 2023	**$ 6,226,205**	**$ 31,595**	**$ 11,688**	**$ 77,184**	**$ 172,801**	**$ 8,495**	**$ 6,527,968**
Accumulated depreciation							
At December 31, 2021	$ -	$ (6,312)	$ (662)	$ (2,199)	$ (23,706)	$ (882)	$ (33,761)
Depreciation	-	(3,868)	(2,781)	(21,588)	(54,430)	(4,801)	(87,468)
Foreign exchange	-	(215)	(66)	(912)	(2,846)	(215)	(4,254)
Disposal	-	-	608	-	-	-	608
At December 31, 2022	$ -	$ (10,395)	$ (2,901)	$ (24,699)	$ (80,982)	$ (5,898)	$ (124,875)
Depreciation expense	-	(1,633)	(1,280)	(8,607)	(26,169)	(2,434)	(40,123)
Foreign exchange	-	766	234	3,135	10,193	764	15,092
At June 30, 2023	**$ -**	**$ (11,262)**	**$ (3,947)**	**$ (30,171)**	**$ (96,958)**	**$ (7,568)**	**$ (149,906)**
Net book value:							
At December 31, 2022	$ 4,265,991	$ 24,679	$ 7,673	$ 62,281	$ 32,146	$ 3,675	$ 4,396,445
At June 30, 2023	**$ 6,226,205**	**$ 20,333**	**$ 7,741**	**$ 47,013**	**$ 75,843**	**$ 927**	**$ 6,378,062**

Demonstration plant under construction is not being depreciated because it is not yet 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:

	June 30 2023	December 31 2022
Opening balance	**$ 13,055,777**	$ 8,579,209
Exploration and drilling	**14,933**	1,248,373
Engineering studies	**142,215**	1,226,492
Environmental studies	**148,319**	65,237
Geological studies	**56,198**	1,052,726
Other field operations	**14,662**	108,228
Metallurgical test work and analysis	**636**	502,473
Acquisition costs and permits	**-**	80,730
Foreign exchange	**(686,786)**	192,309
Total	**$ 12,745,954**	$ 13,055,777

South Africa

Rock Island Gold Project

The Company had 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 through Lexshell 837 Investments (Pty) Ltd. ("**Lexshell**").

(Expressed in Canadian dollars unless otherwise stated)

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 period ended June 30, 2023:

- The Rock Island Agreement had not been completed;
- The Company received ZAR350,000 ($25,939) (six months ended June 30, 2022 – ZAR1,050,000 ($87,517)) from CMR which were recorded in the consolidated statements of loss and comprehensive loss.

7. Accounts payable and accrued liabilities

	June 30 2023	December 31 2022
Trade payables	**$ 645,138**	$ 80,838
Accrued liabilities	**964,603**	1,018,796
Total	**$ 1,609,741**	$ 1,099,634

8. Lease liabilities

	June 30 2023	December 31 2022
Lease liabilities, beginning of the period	**$ 33,847**	$ 87,255
Additions	**72,665**	-
Finance cost	**798**	4,970
Lease payments	**(28,312)**	(58,886)
Foreign exchange	**(2,935)**	508
Lease liabilities, end of the period	**$ 76,063**	$ 33,847

	June 30 2023	December 31 2022
Current portion of lease liabilities	**$ 38,662**	$ 33,847
Non-current portion of lease liabilities	**37,401**	-
Total	**$ 76,063**	$ 33,847

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

During the three and six months ended June 30, 2023, short-term lease payments recorded in the consolidated statements of loss and comprehensive loss was $1,052 and $2,105 (three and six months ended June 30, 2022 - $990 and $3,120).

(Expressed in Canadian dollars unless otherwise stated)

9. 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 the Company's Board of Directors and corporate officers.

Related party transactions for the three and six months ended June 30, 2023, and June 30, 2022, are as follows:

		For the three months ended		For the six months ended	
Transaction type	Nature of relationship	**June 30 2023**	June 30 2022	**June 30 2023**	June 30 2022
Management fees	Officers	**$ 412,600**	$ 673,868	**$ 833,200**	$ 1,118,652
Director fees	Directors	**86,191**	73,592	**165,154**	146,727
Exploration and evaluation expenditures	Management	**-**	173,001	**48,880**	347,892
Stock-based compensation	Directors and officers	**119,330**	379,131	**157,023**	538,587
Total		**$ 618,121**	$ 1,299,592	**$ 1,204,257**	$ 2,151,858

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

Transaction type	Nature of relationship	**June 30 2023**	**December 31 2022**
Management fees	Officers and management	**$ 122,500**	$ 167,500

10. 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:

		Number of shares	Amount $
Balance, December 31, 2021		**203,175,629**	**$ 48,077,609**
Exercise of warrants	(i)	13,872,682	4,337,890
Exercise of finders warrants	(i)	998,257	269,432
Fair value reclassed upon exercise of warrants and finders warrants	(i)	-	1,381,057
Exercise of stock options	(ii)	300,000	102,000
Fair value reclassed upon exercise of stock options	(ii)	-	81,950
Fair value of RSUs settled	(iii)	94,340	35,849
Balance, December 31, 2022		**218,440,908**	**$ 54,285,787**
Exercise of warrants	(iv)	1,037,187	103,719
Fair value reclassed upon exercise of warrants	(iv)	-	47,933
Balance, June 30, 2023		**219,478,095**	**$ 54,437,439**

(i) 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.

(ii) During the year ended December 31, 2022, a current officer and a current director exercised 300,000 stock options with an 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 the contributed surplus to share capital.

(iii) 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.

(Expressed in Canadian dollars unless otherwise stated)

(iv) During the period ended June 30, 2023, 1,037,187 warrants with an exercise price of $0.10 were exercised for gross proceeds of $103,719. The fair value of the warrants exercised was $47,933 which was reallocated from warrants to share capital.

11. Stock Options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSXV, under which the Board of Directors of the Company may grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares provided the number of shares reserved for issuance under the stock option plan shall not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to five years from the date of grant. The Board of Directors determines the price per common share and the number of common shares, which may be allotted to directors, officers, employees and consultants, and all other terms and conditions of the option, subject to the rules of the TSXV.

Stock option transactions are summarized as follows:

		Number of stock options outstanding		Weighted average exercise price
Balance, December 31, 2021		**11,812,500**	**$**	**0.32**
Exercised	note 10(b)(ii)	(300,000)		0.34
Granted	(i, ii, iii)	2,950,000		0.26
Expired	(iv)	(750,000)		0.30
Forfeited	(iv)	(1,383,333)		0.27
Balance, December 31, 2022		**12,329,167**	**$**	**0.31**
Granted	(v)	3,000,000		0.20
Forfeited	(vi)	(83,333)		0.48
Expired	(vi)	(412,500)		0.28
Balance, June 30, 2023		**14,833,334**	**$**	**0.29**

(i) 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 (vested), and April 1, 2024; and 150,000 options will vest in thirds on August 19, 2022 (vested), April 19, 2023 (vested), 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 of 5 years.

(ii) 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 of 5 years.

(iii) 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 of 5 years.

(Expressed in Canadian dollars unless otherwise stated)

(iv) 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.

(v) 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. One-third of the options will vest on the earlier of twelve months following the grant date or an aggregate financing up to $15,000,000 from the grant date; one-third of the options will vest the later of twenty-four months following the grant date or an aggregate financing of $35,000,000 from the grant date, and the final one-third of the options will vest on the earlier of thirty-six months following the grant date or the date when the Board makes a positive financial investment decision to proceed with the K.Hill Project. The following assumptions were used: share price $0.20, dividend yield 0%; expected volatility (based on historical price data of the Company's common share) 134%; risk-free interest rate – 2.94%; and an expected life of 5 years.

(vi) During the three and six months ended June 30, 2023, the Company recorded stock-based compensation in connection with the vesting of options totaling $96,194 and $169,308 (three months and six months ended June 30, 2022 - $451,537 and $646,815) in the condensed interim consolidated statements of loss and comprehensive loss. 412,500 stock options with exercise prices between $0.23 and $0.53 expired and 83,333 stock options with an exercise price of $0.48 were forfeited.

Stock options outstanding as at June 30, 2023:

Expiry date	Exercise price ($)	Remaining contractual life (years)	Total options	Options exercisable
September 28, 2023	0.28	0.25	1,925,000	1,925,000
September 28, 2023	0.465	0.25	750,000	750,000
October 3, 2023	0.15	0.26	300,000	300,000
October 3, 2023	0.185	0.26	600,000	600,000
October 3, 2023	0.53	0.26	666,667	666,667
April 26, 2024	0.48	0.82	166,667	166,667
November 19, 2024	0.15	1.39	750,000	750,000
July 5, 2025	0.15	2.02	375,000	375,000
September 24, 2025	0.185	2.24	1,000,000	1,000,000
April 21, 2026	0.53	2.81	950,000	950,000
June 18, 2026	0.40	2.97	450,000	450,000
September 2, 2026	0.48	3.18	950,000	866,667
April 1, 2027	0.33	3.76	475,000	341,667
June 17, 2027	0.36	3.97	1,000,000	833,333
November 14, 2027	0.17	4.38	1,475,000	891,667
April 3, 2028	0.20	4.76	3,000,000	-
			14,833,334	**10,866,668**

(vii) During the three and six months ended June 30, 2023, the Company recorded share-based compensation expenses for RSUs of $Nil (three months and six months ended June 30, 2022 – $18,806 and $29,557) in the condensed interim consolidated statements of loss and comprehensive loss. There were no RSUs outstanding as at June 30, 2023, and December 31, 2022.

12. Warrants

Warrant transactions are summarized as follows:

(Expressed in Canadian dollars unless otherwise stated)

		Number of warrants outstanding	Weighted average exercise price
Balance, December 31, 2021		**48,645,914**	**$ 0.52**
Exercised	note 10b (i)	(14,870,939)	0.31
Expired		(18,113,038)	0.67
Balance, December 31, 2022		**15,661,937**	**$ 0.55**
Exercised	note 10b (iv)	(1,037,187)	0.10
Expired		(175,311)	0.10
Balance, June 30, 2023		**14,449,439**	**$ 0.58**

Warrants outstanding as at June 30, 2023:

Expiry date	**Exercise price ($)**	**Remaining contractual life (years)**	**Warrants exercisable**
December 3, 2023	0.60	0.43	13,068,198
December 3, 2023 (broker warrants)	0.44	0.43	1,381,241
			14,449,439

13. Corporate, general and administrative

	For the three months ended		**For the six months ended**	
	June 30 2023	June 30 2022	**June 30 2023**	June 30 2022
Management fees	**$ 617,619**	$ 764,435	**$ 1,310,487**	$ 1,429,419
Investor relations and marketing	**70,614**	228,898	**271,018**	474,973
General and administrative	**106,612**	74,935	**210,466**	220,975
Stock-based compensation	**96,194**	470,343	**169,308**	676,372
Director fees	**86,191**	73,592	**165,154**	146,727
Accounting and audit	**69,673**	133,034	**123,321**	235,059
Legal fees	**31,114**	37,195	**66,277**	85,767
Corporate development	**14**	4,852	**43,149**	17,530
Travel	**36,223**	47,153	**56,685**	100,139
Filing and compliance fees	**4,423**	32,016	**40,842**	75,051
Insurance	**22,378**	12,750	**39,558**	30,843
	$ 1,141,055	**$ 1,879,203**	**$ 2,496,265**	**$ 3,492,855**

14. 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 six months. As of June 30, 2023, the Company is compliant with known requirements including Policy 2.5 of the TSXV.

15. Financial instruments and risk management

Below is the summary showing the classification and measurement bases of the Company’s financial instruments:

(Expressed in Canadian dollars unless otherwise stated)

Classification	IFRS 9
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost

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

The three levels of the fair value hierarchy are as follows:

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

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

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

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

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

During the six months ended June 30, 2023, there were no transfers between levels 1, 2 and 3 and there were no changes in valuation techniques.

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 June 30, 2023, of $7,158,567 (December 31, 2022 - $11,676,017). As at June 30, 2023, the Company had accounts payable and accrued liabilities, and lease liabilities of $1,685,804 (December 31, 2022 - $1,133,481).

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.

(Expressed in Canadian dollars unless otherwise stated)

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 June 30, 2023, a 10% depreciation or appreciation of the South African Rand, Botswana Pula and United States dollar against the Canadian dollar would be approximately $14,233.

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.

16. Segmented information

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Company's CEO.

The Company has three operating segments: (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:

June 30, 2023	**Botswana Battery Metals Project**	**South Africa Mining**	**Corporate**	**Total**
Total assets	**$ 20,377,124**	**$ -**	**$ 6,048,438**	**$ 26,425,562**
Total liabilities	**860,172**	**247,236**	**578,396**	**1,685,804**
Net loss (income)	**228,983**	**(22,332)**	**2,121,296**	**2,327,947**

December 31, 2022	**Botswana Battery Metals Project**	**South Africa 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

17. Commitments

	Within one year	**Two-five years**	**Total**
Construction in progress	$ 4,626,470	$ -	$ 4,626,470
Botswana licence activities	396,842	887,301	1,284,143
Minimum lease payments	38,662	37,401	76,063
	$ 5,061,974	**$ 924,702**	**$ 5,986,676**