



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**DATED June 15, 2020**

**(Expressed in Canadian Dollars)**

*The following discussion and analysis of the financial position and results of operations for Giyani Metals Corp. (the "Company" or "Giyani") should be read in conjunction with the consolidated financial statements for the years ended December 31, 2019 and 2018. Those statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee. Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.*

*Certain information and discussion included in this MD&A constitutes forward looking information. Readers are encouraged to refer to the cautionary notes contained in the section Forward-Looking Statements at the end of the MD&A.*

*Additional information and corporate documents may be found on SEDAR at [www.sedar.com](http://www.sedar.com), and the Giyani Metals Corp. website at [www.giyanimetals.com](http://www.giyanimetals.com).*

## **Company Overview**

Giyani was incorporated under the Canada Business Corporations Act on July 26, 2007 and continued under the Business Corporations Act of British Columbia on August 4, 2010. The Company has focused its full attention to advance its manganese assets within the Kanye Basin in south eastern Botswana, Africa (the Kanye Project). Management is building confidence through sound and methodical technical studies supported by independent laboratory chemical analysis that the accumulations and chemical composition of the manganese deposits within its property are unique and that it displays ideal grade and purity characteristics for the battery industry. In 2019 the operational program followed up on 2018 activities that had included geophysical surveys and a diamond drilling campaign at the K.Hill and Otse high grade manganese prospects (see "Exploration Activities" below). The 2019 activities were mainly centred around completion of the PEA and permitting related activities.

The registered address is Suite 600, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Company trades on the TSX Venture Exchange ("TSXV") under the symbol "EMM".

The accompanying consolidated financial statements for the year 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. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and those adjustments could be material. The Company will continue to pursue opportunities to raise additional capital through assets sales, equity markets and/or debt to fund investment in its exploration and evaluation assets; however, there is no assurance of the success or sufficiency of these initiatives.

The Company reported a net loss of \$1,799,977 for the year ended December 31, 2019 (year ended December 31, 2018 - \$2,053,020) and had an accumulated deficit of \$33,685,851 as at December 31, 2019 (December 31, 2018 - \$31,885,874). The Company has negative working capital of \$1,323,611 as at December 31, 2019 (December 31, 2018 - \$372,243).

## Significant Events in 2019

### Sale of Rock Island Trading 17 (Pty) Ltd. (2) interest

During the year, the Company signed a sale of shares agreement (Rock Island Agreement) with CMR to sell the Company's effective interest of 28.8% or 45 shares in Rock Island Trading 17 (Pty) Ltd. (2) held through Lexshell 837 Investments (Pty) Ltd. (Lexshell). The purchase price of the sale of shares was ZAR9,555,046 (\$845,460). The receipt of funds will occur in two tranches; one third immediately on signing of agreement (received) and two thirds on closing of the agreement. As of December 31, 2019, the Rock Island Sale was not closed.

In addition, during the year, the Company entered into a purchase agreement with Malungani Resources (Pty) Ltd (Malungani) to acquire Malungani's 36% stake in Lexshell. In exchange for Malungani's 36% stake in Lexshell, the Company and Malungani agreed on the following:

- Upon completion of the Rock Island Sale, Lexshell wishes to transfer the Rock Island Sale proceeds to Giyani in settlement of certain inter-company debts.
- The Company is to issue Malungani 1,248,999 common shares of Giyani. One-third of the shares have been issued and the remaining two-thirds are to be issued once the Company receives the remaining proceeds from the Rock Island Sale.

In connection with the two agreements noted above, the Company has received cash proceeds of \$280,346 from Rock Island Agreement, issued 416,333 common shares to Malungani and recorded a \$213,733 accounting gain included in the statements of loss and comprehensive loss.

### Non-brokered private placements

On April 24, 2019, the Company closed a non-brokered private placement of 2,678,250 units for total gross proceeds of \$428,520. Each unit consisted of one common share of Giyani at a price of \$0.16 per share and one half of a share purchase warrant exercisable at \$0.275 for a period of 18 months from the date of issuance. As a result of the placement, \$9,450 in finders' fees were paid.

Subsequent to the year end, the Company completed a non-brokered private placement financing on May 25, 2020. The private placement was fully subscribed and comprised of 15,000,000 units (each, a "Unit") at a price of \$0.08 per Unit for gross proceeds of \$1.2 million. Each Unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at an exercise price of \$0.10 per share within the 3-year period following the closing of the private placement.

### Shares for Debt Settlement

Subsequent to the year end, on May 19, 2020, the Company announced that it had issued an aggregate of 1,829,023 common shares to certain creditors of the Company at a deemed price of \$0.105 per common share in settlement of an aggregate of \$192,047.63. The common shares issued are subject to a four-month-and-one-day hold period, which expires on September 20, 2020.

### Disposal of Canoe shares

During the year ended December 31, 2019, the Company liquidated all the common shares held of Canoe for proceeds of \$386,501, net of costs of \$3,809, resulting in a loss on disposal of shares of associate of \$16,784. As a result of this sale, the Company ceased to have an ownership interest in Canoe.

### Appointment of Thomas Horton as Vice President, Business Development

On March 11, 2020 the Company announced the appointment of consultant Mr. Thomas Horton as the Vice President, Business Development.

## Exploration Activities

### Approval of Environmental Management Plans (EMP)

On November 1, 2018, the Company announced that the Department of Environmental Affairs ("DEA") in Botswana had approved the Company's proposal to clean up the old mine tailings at its three prospects at K.Hill, Otse, and Lobatse, within the framework defined by an Environmental Management Plan ("EMP") that was submitted by Giyani to the DEA in Botswana in September 2018.

Working closely with the DEA in Botswana, the Giyani team, in partnership with a local environmental consulting firm, inspected the three sites at K.Hill, Otse and Lobatse where previous manganese mining operations existed in the past. The sites were left unrehabilitated and currently constitute various degrees of physical risks and negative impact on the local environment. The Giyani proposal included three EMPs uniquely designed for each site to address specific issues. Giyani worked very closely with the local communities during the EMPs development period to take their input into the process and ensure the EMPs were designed to produce a satisfactory outcome that will enhance conditions in the area.

After successfully going through the customary public review process for all three EMPs, on July 26, 2019 the DEA in Botswana, granted Giyani final approvals for the K.Hill and Otse EMPs. The Lobatse EMP was approved by the DEA subsequent to the year end on March 20, 2020. These approvals will enable the Company to start exploration and reclamation work on the ground at all three prospects subject to any other local authorizations.

#### Appointment of Feasibility Study Consultants

The Company completed a tendering process for the feasibility study of its K.Hill manganese project and selected SRK to do the mining technical work and Coffey, a Tetra Tech Company, and Royal IHC for processing infrastructure as announced on December 13, 2019.

#### Appointment of Loci Environmental for ESIA work

Subsequent to the year end, the Company appointed Botswana based Loci Environmental to conduct the environmental and social impact assessment ("ESIA") for the K.Hill manganese project as announced on January 9, 2020

#### Preliminary Economic Assessment (PEA)

On August 15, 2019 the Company announced the results of the PEA for K.Hill. The PEA was prepared by SRK Consulting (UK) Limited ("SRK"), with metallurgical testwork and design input from Lab 4 Inc. ("Lab4"), a metallurgy consulting firm managed by Dr. Ian Flint, the Department of Geology of Dalhousie University and the Minerals Engineering Centre of Dalhousie University, all in Halifax, Nova Scotia, Canada. The PEA was also based on an inferred mineral resource estimate as detailed in the NI 43-101 report prepared by MSA Group (Pty) Ltd. ("MSA") in November 2018. A NI 43-101 Technical Report on the K.Hill manganese project, including results of the PEA, was filed on SEDAR on September 25, 2019. Subsequently, an updated and amended NI 43-101 technical report titled Kgwakgwe Hill Manganese Project Independent Technical Report, including a new current Mineral Resource statement, and an updated PEA, was prepared by SRK and filed by the Company on April 30, 2020. Highlights of the PEA are listed below:

- PEA based on the 1.24 million tonnes Inferred Mineral Resource estimate for K.Hill;
- 10-year potential project operating life producing 236,000 tonnes of high-purity electrolytic manganese metal ("HPEMM");
- Pre-tax NPV of \$496 million (US\$357 million) and after tax NPV of \$382 million (US\$275 million), using a 10% discount rate;
- Estimated \$150.6 million (US\$108.5 million) in pre-production capital, \$13.7 million (US\$9.9 million) in sustaining capital, \$24.7 million (US\$17.8 million) in contingency at 15%, and \$6.9 million (US\$5 million) closure costs for a total project capital of \$196 million (US\$141.3 million);
- After-tax IRR of \$21,118. 82.1% and a 3-year payback period;
- Access to established logistics chain and infrastructure in a well-developed and mining friendly jurisdiction
- Initial attractive project economics and growing market demand for battery-grade manganese products should attract multiple offers of project financing from the mining investment community
- Opportunities exist to improve returns through further enhancement of K.Hill mineral resources into a mineral reserve and the addition of other deposits within the greater Giyani licence area including the existing Otse and Lobatse deposits

## Summary of PEA

### Mining

The envisaged mining method for the K.Hill Project is traditional truck and shovel. Due to the low processing throughput, and reasonable strip ratio, the volume of total material moved (TMM) is easily manageable. For the mining part of the PEA, the following key tasks were undertaken:

- Analysis of the geological model and adaptation for mine planning purposes
- Definition of key operating cost components, revenue and applicable royalties
- Open pit optimization to generate a pit shell
- Practical design of the pit including ramp access
- Practical waste dump design
- Layout of haul roads
- Generation of a mining schedule, including pushbacks
- Equipment calculations to determine fleet requirements
- Determination of mining fleet based on similar operations worldwide

The pit optimization parameters are shown in Table 1 and are discussed below.

The mining cost was calculated based on the S&P database for published 2018 mining costs for similar small-scale mining operations around the world, as well as a similar-sized SRK client operation in Africa.

Dilution and recovery were estimated based on similar results achieved using relatively small-scale equipment. It is anticipated that an efficient operation of the project may improve project economics

The processing recovery used in the pit optimization was based on initial results from the metallurgical test work on leaching. Processing costs are elevated due to the electrowinning and electrorefining processes. Separation of the Mn requires significant electricity, estimated at 6,800 kWh/tonne processed.

The sale price of US\$4,700/t has been assumed for a 99.9% HPEMM product.

Giyani estimates that the project should be able to operate comfortably at a G&A operating cost of US\$3.5m/yr. The royalty in Botswana from the sale of manganese is 3%. The Cut-off Grade ("CoG") calculated for a selling price of US\$4,700/t HPEMM is 8.9% mill feed.

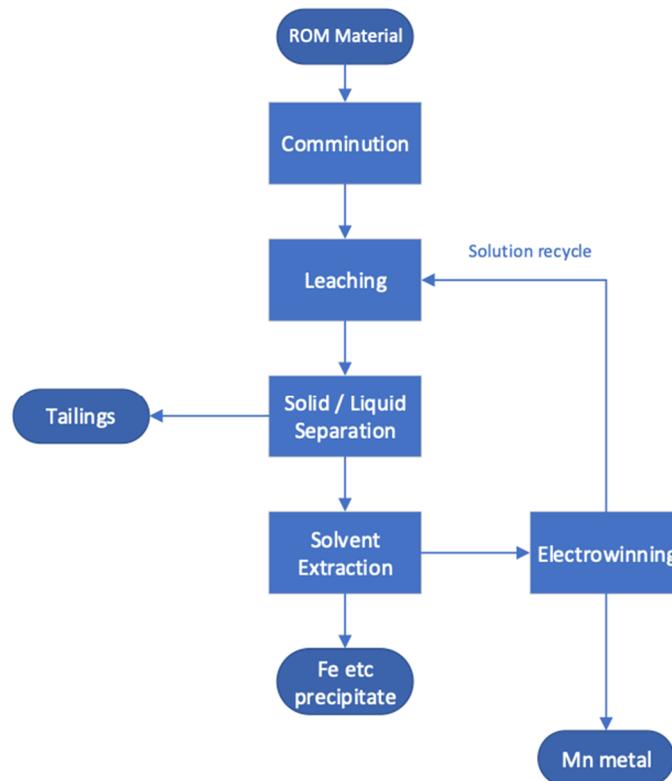
Table 1: Pit Optimization Parameters

Parameters	Units	Base Case	Basis
<b>Production</b>			
Production Rate - RoM	(tpa)	175,000	SRK Assumption
<b>Geotechnical</b>			
Overall Slope Angle Oxide	(Deg)	45	SRK Assumption
Overall Slope Angle Fresh	(Deg)	45	SRK Assumption
<b>Mining Factors</b>			
Dilution	(%)	5.0	SRK Calculation
Recovery	(%)	95.0	SRK Calculation
<b>Processing</b>			
Total process recovery Mn	(%)	87.5	Client provided
<b>Operating Costs</b>			
Mining Cost	(US\$/t rock)	3.46	SRK Calculation
Incremental Mining Cost	(US\$/1m bench)	0.00	Not Used
Reference Level	(Z Elevation)	1385	
Replacement Capital	(US\$/t RoM)		Not used
Rehabilitation Cost	(US\$/t RoM)		Not used
Processing	(US\$/t RoM)	276.45	SRK Calculation
Selling Cost Mn as a percentage	(%)	3.0	Botswana
Selling Cost expressed in US\$/t	(US\$/t HPEMM)	141	
G&A	(US\$m/Year)	3,500,000	Client assumption
	(US\$/t RoM)	20.00	
<b>Metal Price</b>			
HPEMM 99.9%	(US\$/t)	4,700	Client provided
<b>Other</b>			
Discount Rate	(%)	10	
<b>Cut-Off Grade</b>			
Marginal	(% MnO)	8.9	SRK Calculation

*Metallurgy and Mineral Processing*

A simplified block diagram for the proposed process for the production of electrolytic manganese metal is shown in Figure 1

Figure 1: Process Block Diagram

*Comminution*

The comminution circuit will consist of several stages of crushing and grinding to achieve the target grind size, which is a  $P_{80}$  of 200  $\mu\text{m}$  subject to further optimization.

*Leaching*

Leaching will be undertaken in a series of open topped tanks. The test work indicates a total leach residence time of two hours. Filtered solids from the comminution circuit will be mixed with barren electrolyte returned from the EW stage, with reagent sulphuric acid added to meet the target acid strength (260 g/l based on the test work), as well as the reductant sucrose, which is consumed during the leach reaction.

*Liquid/Solid Separation*

A vacuum belt filter is envisaged for the solid / liquid separation between leaching and solvent extraction (SX). This stage will incorporate a cake washing stage, in order to both maximum soluble Mn recovery, and to minimize the residual acid content of the filter cake.

*Solvent Extraction (SX)*

The filtrate from the leaching stage will be subjected to SX for impurity removal. The SX circuit will consist of one or more extraction stages, one or more stripping stages, plus washing / scrubbing stage/s as appropriate.

Purified electrolyte from the SX circuit will be advanced to the EW circuit. Raffinate will be recycled internally within the SX circuit. A bleed stream of raffinate will be removed for water balance and impurity (principally Ca and Mg) removal purposes. As part of the bleed stream treatment, a manganese-containing precipitate will be produced, which will be recycled to the leach or extraction circuits to minimize Mn losses.

#### *Electrowinning*

Manganese metal will be recovered from the purified solution from SX by electrowinning. Due to the particular electrochemical behaviour of manganese, the EW cells will be configured with a membrane to separate the anodic and cathodic reaction zones.

#### *Electrorefining*

In order to produce high purity (>99.9%) Electrolytic Manganese Metal (EMM), a second stage of electrorefining is required. The grades of the first stage EMM is typically suitable for electrorefining in halide-based solutions. The final product EMM will be produced in typical flake form.

Based on the scoping level work completed for **this** assignment, SRK concludes the following:

- There is a viable process route for the proposed EMM product
- Further detailed test work is required to support the product specification, recoveries, operating costs, plant flow sheets and capital cost estimation

#### *Financial Evaluation*

The following general assumptions have been applied to the Technical Economic Model ("TEM") for the Project:

- is expressed in real terms
- is presented at 2019 money terms for Net Present Value (NPV) calculation purposes;
- applies a Base Case discount rate of 10%
- is based on long term manganese prices of US\$4,700 /t for a 99.9% HPEMM product
- is expressed in after-tax and pre-financing terms and assumes 100% equity
- Giyani's tax advisers have indicated that they consider it likely that a flat Botswanan corporate tax rate of 22% can be applied, accordingly a base corporate tax rate of 22% has been used
- selling costs have been approximated at 3.0% of revenue
- for tax purposes, capital investments are depreciated immediately and unredeemed capital is carried forward indefinitely as permitted for mining projects in Botswana.

Table 2: Summary of unit operating costs

Operating Costs	LoM (US\$/t milled)
Mining	26.2
Rehandle	0.0
Processing	276.5
G&A	20.0
Selling Costs	37.3
Contingency	0.0
<b>Total Operating Costs</b>	<b>360.0</b>

Total capital costs are estimated to be US\$141.3m over the Life of Project. Mining capital costs are estimated at US\$3.6m. Processing capital costs amount to US\$95.9m. Infrastructure capital amounts to US\$6.3m. Sustaining capital and closure cost provisions amount to US\$9.3m and US\$5m respectively. Contingency has been included at 15% and amounts to US\$17.7m. Table 3 summarizes the capital costs over the Project life.

Table 3: Summary of capital costs

Capital Costs	LoM (US\$m)
Mining	3.6
Processing	95.9
Tailings	2.7
Infrastructure	6.3
Sustaining Capital	9.9
Contingency - Capital	17.9
Closure Costs	5.0
<b>Total Capital</b>	<b>141.3</b>

*Net Present Value*

The NPV of the cash flows are shown in Tables 4 and 5 using discount rates from 0% to 15% in after-tax and pre-tax contexts. At a discount rate of 10% the after-tax NPV for the Project is US\$275m.

Table 4: Summary of NPV's – After Tax pre-finance

Base Case Summary of NPV's						
Discount Rate	0%	5%	8%	10%	12%	15%
NPV (US\$m)	411	335	297	275	255	227

Table 5: Summary of NPV's Pre-Tax pre-finance

Base Case Summary of NPV's						
Discount Rate	0%	5%	8%	10%	12%	15%
NPV (US\$m)	529	433	385	357	332	297

*PEA Qualified Persons*

The sale, Qualified Persons (as that term is defined by National Instrument 43-101) responsible for preparing the PEA for the K.Hill manganese project are Michael John Beare, BEng, CEng, MIOM, Lucy Sarah Roberts BSc (Hons), MSc, PhD, MAusIMM(CP) of SRK Consulting (UK) Ltd., and Ian Flint Ph.D., P. Eng. Of Lab 4 Inc. Mr. Beare, Ms. Roberts, and Mr. Flint have reviewed and approved the scientific and technical content contained in the PEA report and have verified the underlying technical data. Mr. Beare, Ms. Roberts, and Mr. Flint are independent of the Company.

Hydrometallurgical testwork was performed on three samples taken from drill cores extracted from the K.Hill deposit during the Company's drilling program in 2018. The drill cores were placed in a plastic bag along with a sample tag. Bags were sealed with a single use tie. Samples were securely stored prior to shipping to Lab 4 Inc. in Halifax, Nova Scotia, Canada.

*Leach testing procedure*

All three samples were ground to a d80 of 200 microns. From each main sample, five sub-samples were drawn. One sub-sample was set aside and assayed later as the head grade and the four remaining sub-samples were used for acid leaching tests with reductant. All tests were performed using the same size of rock sample, with H<sub>2</sub>SO<sub>4</sub> solution at a certain temperature. Four independent leaches were performed with the reductant with only residence time being varied. All five sub-samples were assayed.

*Extraction testing procedure*

The output of the leaching circuit (leach solution) was fed into the extraction circuit and mixed with an organic solution where metals transfer from the leach solution to the organic solution. These two solutions were then separated and fed into a stripping circuit and a precipitation circuit where the majority of unwanted metals get precipitated leaving the manganese with traces of other metals in the solution.

### *Electrowinning testing procedure*

The output solution from the extraction circuit was fed into an electrowinning cell and processed for a period of time operated in batch mode. This was repeated on the same electrode with an additional quantity of the solution for an additional period of time. An initial voltage level was applied between the anode and cathode. This voltage was controlled to maintain a constant current density. The voltage was subsequently increased with time as the conductivity of the solution changed with the removal of the Mn<sup>2+</sup> ions. The process results in manganese plated on the cathode of the cell and some solids along with the spent solution. A filter separated the solids from the solution. The solution gets treated and recycled to the leach circuit along with the solids.

### **Kanye Project – Botswana, Background Information**

On April 11, 2017, the Company announced the acquisition of six prospecting licenses that encompass the past producing Kgwakgwe Hill Manganese Mine located in the Kanye Basin, south eastern Botswana. Binding agreements were signed with Everbroad Investments (Pty) Limited and Marcelle Holdings (Pty) Limited to acquire an 88% interest in PL322/2016 (Kgwakgwe Hill License or "K.Hill") and 100% interest in PL336/2016 to PL340/2016 (adjacent to K.Hill) inclusive by making cash payments totaling US\$75,000 (paid).

On July 13, 2017, the Company signed a definitive agreement (the "Agreement") with Marcelle to acquire an 88% interest in seven prospecting licenses (PL294/2016 to PL300/2016 inclusive) by making cash payments totaling BWP980,000 (\$126,126 paid). Additionally, the Agreement also included the completion of the acquisition of a 100% interest in five prospecting licenses from Marcelle and 88% interest in one prospecting license from Everbroad as mentioned above. The Agreement also included the acquisition of 100% interest in Menzi Battery (Pty) Limited, a company incorporated in accordance with the laws of Botswana by issuing two million common shares (issued) of Giyani. As of the date of this MD&A, all ministry approvals have been granted to transfer the licenses ownership to Menzi.

On November 16, 2017, the Company announced the discovery of a historically mined third high grade manganese prospect near the town of Lobatse ("The Lobatse Prospect"). The Lobatse Prospect is located 30 km south of the Otse Prospect and roughly 40 km east of K.Hill. All three prospects are located within the boundaries of the larger, manganese rich, Kanye Project area. Giyani was granted the Lobatse Prospect license (PL258/2017) during the execution of its 2017 regional sampling and mapping program.

All licenses had an initial expiry date of December 31, 2019, except for the Lobatse Prospect license which has an initial expiry date of December 31, 2020. The licenses have minimum aggregated Botswana Pula expenditures of BWP25,450,000 (approximately \$3,043,000) by December 31, 2019 and additional expenditures of BWP2,950,000 (approximately \$350,000) by December 31, 2020 and can be renewed prior to the initial expiry date. The majority of the current expenditures are expected to qualify towards the minimum required expenditures. The Company has spent a total of BWP19,480,000 (approximately \$2,267,000) on the development of its Kanye Project licences to date. Furthermore, The Company will apply for the extension of some of the 14 licences it currently holds rights to. The Company also intends to acquire the remaining 12% interest in PL322/2016, which encompasses the K.Hill licence, from Everbroad in the future.

The manganese mineralization at K.Hill occurs primarily as a supergene enriched manganiferous shale (the Mn-Shale) occurring in the upper portion of a shale horizon within the Black Reef Quartzite Formation of the Transvaal Supergroup. The quartzite package underlying the shales, rests unconformably on Archaean felsites of the Kanye Volcanic Group. The shales are overlain by chert breccias.

The Transvaal Supergroup hosts roughly 77% of the world's manganese reserves and has been mined in the Griqualand West basin in South Africa since the early 1900's. The identification of the K.Hill deposit within the Kanye sub basin of the Transvaal Supergroup in Botswana, confirms the fertility of this smaller basin to host Mn deposits in Botswana. This deposit is of particular interest to Giyani because of the simple yet ideal chemical compositions and grade characteristics that would be amenable to the production of Electrolytic Manganese Metal (EMM). The production of EMM requires a high portion of Mn-oxide in the starting material which optimizes the leaching process and the production of a pure Mn-pregnant solution for Electrolysis. The mineralization at K.Hill consist almost exclusively of Mn-Oxide minerals such as Hausmannite and Pyrolusite. In contrast, the world's largest Mn-deposits in South Africa has high portions of Mn-carbonate, Mn-Fe and Mn-Si minerals such as Rhodochrosite, Bixbyite and Braunitite.

Battery manufacturers uses high purity Mn metal as an alloy material in the making of Nickel-Manganese-Cobalt (NMC) or Mn-oxide cathodes in Li-Ion batteries. EMM is also used in a variety of specialty steels to increase durability of the material and increase resistance to weathering.

Giyani believes the Kanye Project has a sizable battery grade manganese deposit can be quickly advanced to production providing feedstock to battery technology manufacturers. This assertion is supported by the positive results of the

Company's extensive hydrometallurgical testing program which included a successful acid leaching of manganese from the K.Hill drill core samples at a 94% recovery rate. Moreover the K.Hill mineralized material occurs in the form of a natural oxide which, unlike carbonate manganese deposits, do not require calcining prior to leaching in a solvent extraction, electrowinning (SX-EW) refining process.

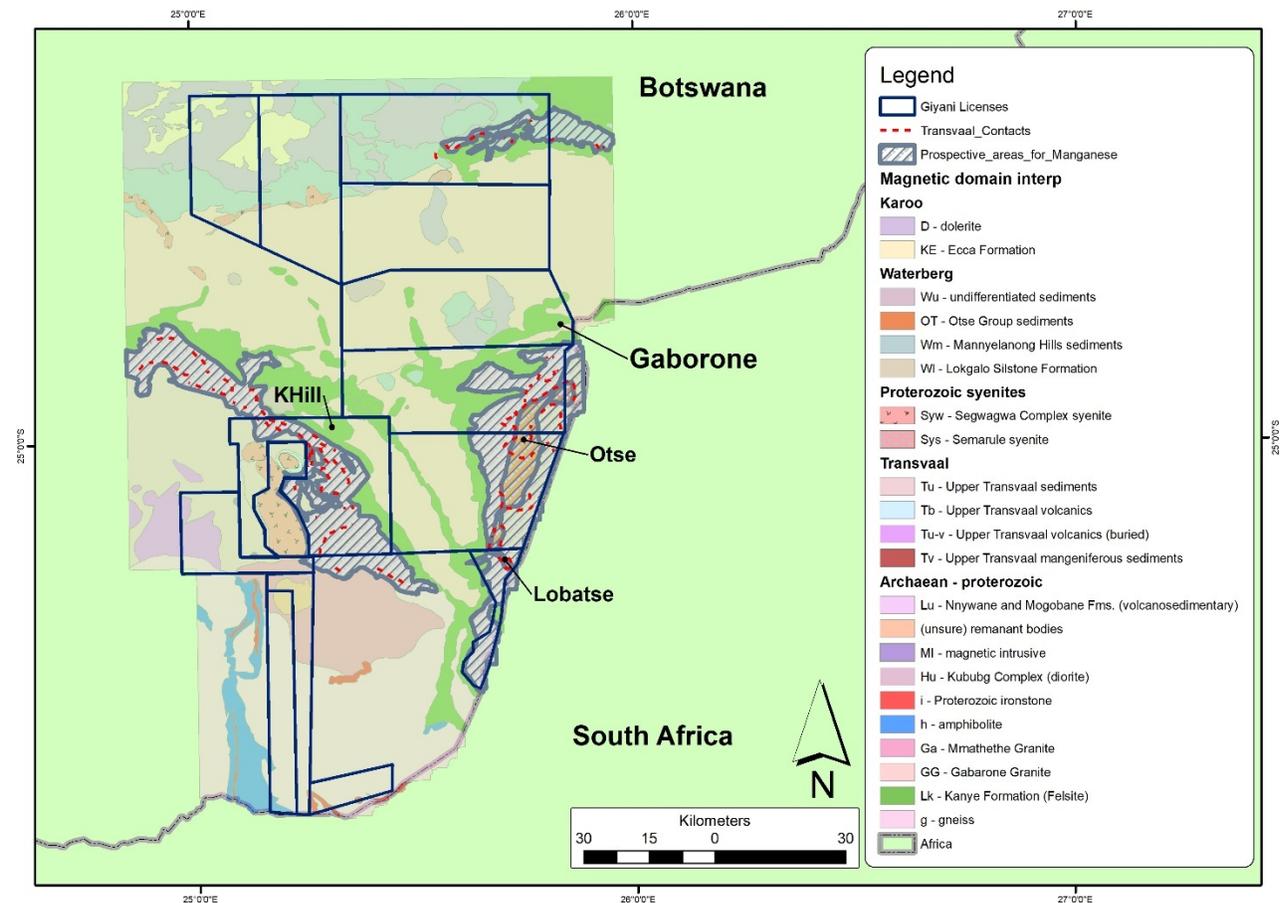
Maiden Mineral Resource Estimate

On September 28, 2018, the Company announced its maiden mineral resource estimate. The Mineral Resource estimate, prepared by the South Africa based MSA Group, includes an Inferred Resource of 1.1M tonnes grading 31.2% manganese oxide (MnO) at a cut-off grade of 18% MnO. Subsequently the Mineral Resource was re-stated by SRK to indicate an Inferred Resource of 1.24M tonnes grading 27.3% manganese oxide (MnO) at a cut-off grade of 8.9% MnO.

Exploration

On March 15, 2018, the Company announced the commencement of Phase 1 of its 2018 operational program, including geophysical surveys and a diamond drilling campaign at the K.Hill and Otse Prospects in Botswana.

Interpretation of government data was completed in 2018. The airborne magnetic data, at a 250-meter line spacing, was filtered, image processed and inverted to create a series of products designed to highlight relevant geological features of interest. This has allowed Giyani to map, with a high degree of certainty, the location of prospective geology within the larger Giyani license areas as per below.

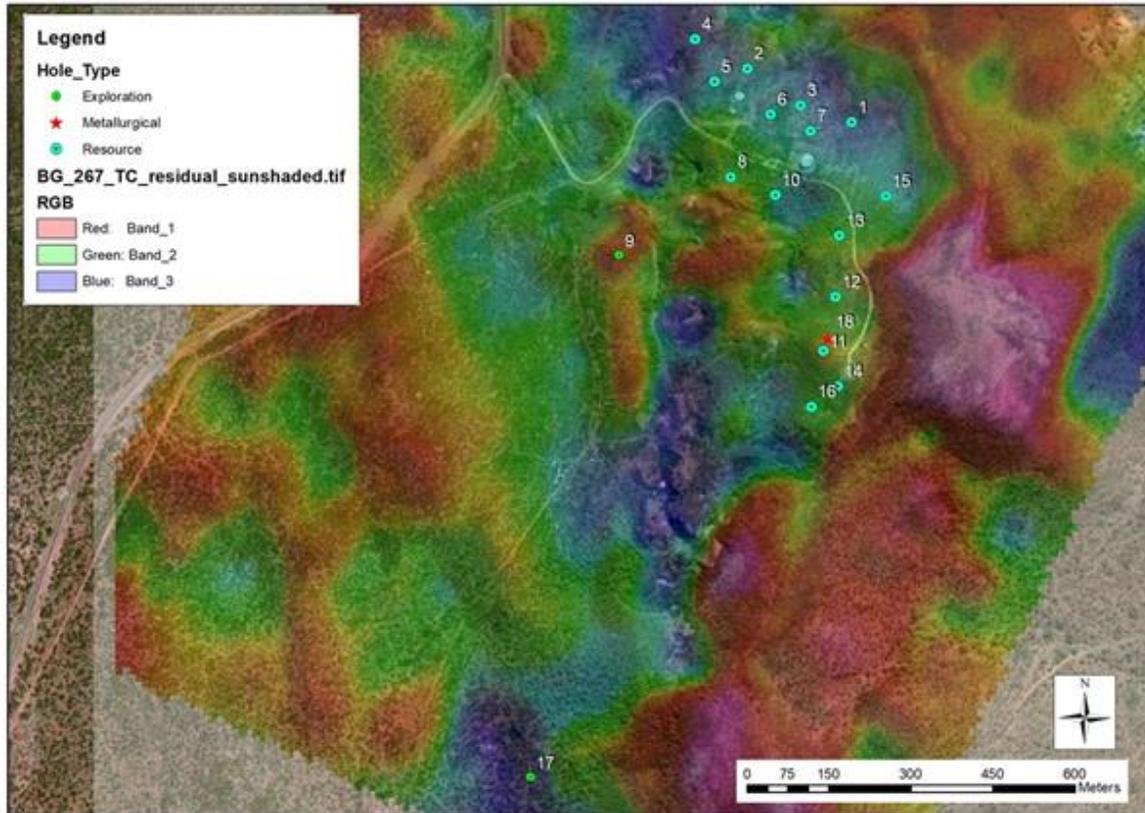


Lithostructural mapping has identified several prospective areas (highlighted as hatched polygons in figure above) where prospective Lower Transvaal stratigraphy is likely to outcrop/subcrop. Current ongoing ground surveys will provide valuable information to identify subtle magnetic contacts in this sedimentary package which will allow for detailed mapping of the manganiferous shale.

Geophysical surveying at K.Hill was completed in 2018. A provisional interpretation of the northern portion of the K.Hill survey block was completed to assist with the decision making of the drill hole collar locations. The residual bouguer gravity map as well as interpreted structural features over this portion of the survey block are shown in the figure below. This interpretation highlighted the mapped presence of a thick shale unit (about 40 metres in thickness observed from the drill core) of which the manganese-shale makes up the upper portion. The contrast with a thick and denser underlying extrusive volcanic sequence is also clearly visible. This interpretation assisted with the location of the first seven drill collars, targeting the top of the shale unit stratigraphically above the volcanic unit. The interpreted structures were also considered in planning the drill positions.

Giyani also appointed Rotsdrill Exploration as the main drilling contractor for Phase 1 after a competitive bidding process, in which 4 reputable drilling companies were invited to participate. The Company provided all contractors with a specific scope of work as well as access to the drill targets in order for them to develop comparable proposals. Rotsdrill Exploration is an experienced, Botswana based, drilling company that is best known for drilling difficult rock conditions in the Debswana owned kimberlite diamond mine at Jwaneng, ~70 kilometres north of K.Hill. Debswana is a joint venture between De Beers and the Botswana Government.

All the drilling for the Phase 1 resource estimation drill campaign has now been completed (see figure below).



Giyani drilled a total of 18 diamond drill holes of which 15 totaling 961.29m were used in the calculation of a resource estimate. 14 of the 15 holes, to be used in the resource estimate, intersected the manganiferous shale horizon. The remaining hole (DDKH18\_0002) intersected a cavity and as a result it was abandoned. The mineralized horizon was sampled extensively to ensure that all mineralized intervals were covered.

The table below shows some geochemical results from the first 7 holes drilled at K.Hill; DDKH18\_0001, -0004, -0007, -0010, -0011, -0012, and -0014. Only the oxides of interest, MnO, Fe<sub>2</sub>O<sub>3</sub> and the deleterious element P<sub>2</sub>O<sub>5</sub> are listed here due to their significance in the formulation of battery grade products.

Hole ID	From (m)	To (m)	Thickness (m)	Fe <sub>2</sub> O <sub>3</sub> (%)	MnO (%)	P <sub>2</sub> O <sub>5</sub> (%)
DHK18_001	6	10	4	18.54	40.09	0.156
including	6	8	2	16.9	42.3	0.316
DHK18_004	5.73	8	2.27	19.22	35.91	0.412
including	6.5	7.5	1	19.4	41.4	0.444
and	15	19	4	18.73	31.93	0.414
including	16	17	1	17.2	48.8	0.49
DHK18_007	25	29	4	13.9	40.15	0.147
including	28.07	29	0.93	13	57.9	0.17
DHK18_0010	11.73	14	2.27	20.74	31.82	0.16
DHK18_0011	21	23	2	21.3	36.9	0.308
DHK18_0012	17.73	19.5	1.77	22.02	34.45	0.218
DHK18_0014	15	19	4	17.19	31.44	0.154

The geochemical results from the first drill holes confirm the thickness of the manganiferous shale horizon at K.Hill. The representative sampling from the K.Hill drill cores provides Giyani with a true vertical section of the mineralized horizon. A preliminary cross section can be drawn using the logging data, highlighting the orientation and thickness of the mineralized horizon. See figure below. Cross section through holes DDKH18\_0001, -0002, -0003, and -0004, using the logging data.



**Resource estimation**

Giyani contracted mining consulting firm MSA Group, of South Africa, to construct a three-dimensional geological model of K.Hill, complete a mineral resource block model and resource estimate, and compile a NI 43-101 technical report. MSA conducted a site visit on June 7 and 8, 2018. The purpose of the visit was to inspect the field and data capturing procedures and ensure that it was in line with industry best practices. During this audit, MSA visited the completed drill hole sites, core logging and sampling sheds, and inspected the sampled cores. Field procedures and techniques were

found to be in line with industry best practices. All required data from the geochemical results were delivered to MSA for the volumetric analysis, 3D modelling and estimation of a resource.

The Mineral Resource estimate was based on geochemical analyses and density measurements of core samples obtained by diamond drilling undertaken by Giyani from April 16, 2018 to July 2, 2018. A total of eighteen vertical holes were drilled at K.Hill. Two of the drill holes were collared outside the Mineral Resource area, one was drilled for metallurgical purposes and twelve of the drill holes intersected the manganese shale. The intersections obtained from ten drill holes were used to estimate the grade of the Mineral Resource. The remainder were used in defining the extent of the mineralization.

A three-dimensional geological model of the major stratigraphic units was constructed using the drillhole logging data. The mineralized envelope within the manganese shale was defined by a 15% MnO threshold and a three-dimensional mineralization model was constructed. The grades of MnO, Fe<sub>2</sub>O<sub>3</sub>, Al<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub> as well as Loss on Ignition (LOI) and density were estimated using inverse distance squared into a block model based on the geological and mineralization model. An adjustment to the modelled tonnage was made in order to account for depletion by historical mining.

The Mineral Resource was estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Best Practice Guidelines and is reported in accordance with the 2014 CIM Definition Standards, which have been incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101).

Subsequently SRK conducted a detailed review of the MRE as part of their work on the K.Hill PEA and, as a result, re-stated the resource in February of 2020 as per the following table below

Category	Tonnes (Millions)	MnO %	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	LOI %
Inferred Mineral Resource	1.24	27.3	9.1	32.5	15.5	8.1

- (1) *The Inferred Mineral Resource Estimate is reported above a cut-off grade of 8.9% MnO*
- (2) *A 10% reduction has been applied to the resource tonnage to account for moisture content. Tonnages can therefore be considered dry.*
- (3) *The Mineral Resource Estimate is constrained within grade-based solids and within a Lerchs-Grossman optimised pit shell based on an HPEMM price of US\$4,700/t and the following parameters:*
  - a. *Mining Cost – US\$3.46/t rock*
  - b. *Processing Cost – US\$276.5/t ore*
  - c. *Selling cost – 3%*
  - d. *G&A – US\$20/t ore*
  - e. *Discount Rate – 10%*
  - f. *Processing Recovery – 87.5%*
  - g. *Mining Recovery – 95%*
  - h. *Mining Dilution – 5%*
  - i. *Geotechnical Slope Angle - 45°*
- (4) *All figures are rounded to reflect the relative accuracy of the estimate.*
- (5) *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
- (6) *It is uncertain if further exploration will convert Inferred Mineral Resources to higher confidence categories.*

The Mineral Resource is presented by estimation domain in the table below

Estimation Domain	Category	Tonnes (Millions)	MnO %	Al2O3 %	SiO2 %	Fe2O3 %	LOI %
High-Grade Upper Mn Shale	Inferred Mineral Resource	1.00	31.2	8.9	26.3	16.9	8.8
Low-Grade Upper Mn Shale	Inferred Mineral Resource	0.24	11.2	9.9	58.5	9.8	4.8
<b>TOTAL</b>	<b>Inferred Mineral Resource</b>	<b>1.24</b>	<b>27.3</b>	<b>9.1</b>	<b>32.5</b>	<b>15.5</b>	<b>8.1</b>

Drill cores were sawn in half and one half was sampled and placed in a plastic bag along with a sample tag. Bags were sealed with a single use tie. Samples were securely stored prior to shipping to SGS laboratories in Randfontein, Johannesburg, South Africa. Samples were crushed and milled prior to analysis by borate fusion and XRF. The samples were subjected to a quality assurance and quality control (QAQC) program consisting of the insertion of blank samples, certified reference materials and coarse duplicates. The primary laboratory assay values were confirmed by 40 duplicate samples assayed by a second laboratory (Intertek Genalysis, Maddington, Australia). The Qualified Person is satisfied that the assay results are of sufficient accuracy and precision for use in Mineral Resource estimation.

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

	<b>Kanye Project (\$)</b>
<b>Balance, December 31, 2017</b>	<b>\$1,088,729</b>
Acquisition costs	913,131
Current expenditures	(28,639)
<b>Balance, December 31, 2018</b>	<b>1,973,221</b>
Current expenditures	358,512
Foreign exchange	(64,725)
<b>Balance, December 31, 2019</b>	<b>\$2,267,008</b>

## Results of Operations

<b>SUMMARY OF SELECT QUARTERLY INFORMATION</b>				
	<b>2019</b>			
	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
Total Revenue	-	-	-	-
Net Loss Before Tax (Income)	893,405	(197,081)	509,743	408,706
Basic and Diluted (Income) Loss per Share	0.01	(0.00)	0.01	0.01
	<b>2018</b>			
	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
Total Revenue	-	-	-	-
Net Loss Before Tax (Income)	589,312	870,693	536,006	57,009
Basic and Diluted Loss per Share	0.01	0.01	0.01	0.00

For the three months ended December 31, 2019 compared to December 31, 2018 the Company experienced an increase in net loss before tax of \$438,247. This was primary attributable to:

- The Company recorded an increase in professional fees of \$94,186 as a result of legal fees incurred in various transactions that closed early in 2020.
- The Company issued stock options during the three months December 31, 2019 resulting in an increase in stock-based compensation expense of \$212,869 compared to the prior three-month period.

<b>SUMMARY OF SELECT ANNUAL INFORMATION</b>			
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total assets	2,395,328	2,602,772	2,197,453
Total shareholders' equity	1,144,776	2,008,505	1,687,139
Total Revenue	-	-	-
Net Loss Before Tax	1,614,773	2,053,020	1,324,009
Basic Loss Per Share	0.02	0.03	0.02

For the year ended December 31, 2019 compared to December 31, 2018 the company experienced a decrease in net loss of \$438,247. This was primary attributable to:

- The Company recorded a decrease in stock-based compensation of \$316,416 as a result of fewer options issued in the year and a lower per share cost attributed to the stock options vested.
- The Company recorded a gain on recovery of impairment of assets of \$213,733 in the year compared to \$nil in the prior year ended.
- The Company also experienced a reduction of \$123,510 in other corporate and general expenses compared to the prior year ended. This is a result of management actively keeping overhead and corporate costs at a minimal rate to ensure efficiency in liquid capital resources available.

#### Accounting Policies

##### *New standards adopted*

##### (a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

At January 1, 2019, the Company adopted the following:

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of any termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

There was no material impact as a result of the adoption of this standard by the Company.

#### (b) Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

#### *New standards not yet adopted*

##### Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business

This amendment is effective for annual periods beginning on or after January 1, 2020. The extent of the impact of adoption of this amendment has not yet been determined.

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

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

#### Trend

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced

significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods. The Company is closely monitoring the business environment as a result to ensure minimal distribution to business operations.

#### Liquidity, Capital Resources and Going Concern

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company's projects through exploration and development to the production stage will require significant financings.

None of the Company's projects have commenced commercial production and, accordingly, the Company is dependent upon debt and/or equity financings and the optioning and/or sale of resource or resource-related assets for its funding. The recoverability of the carrying value of exploration and evaluation projects, and ultimately the Company's ability to continue as a going concern, is dependent upon exploration results which indicate the potential for the discovery of economically recoverable reserves and resources, and the Company's ability to finance exploration of its projects through, marketable securities sales, debt and/or equity financings and the optioning and/or sale of resource or resource-related assets such as royalty interests for its funding.

The Company's consolidated financial statements have been presented on the basis that the Company will continue as a going concern. The Company reported a net loss of \$1,799,977 for the year ended December 31, 2019 (year ended December 31, 2018 - \$2,053,020) and had an accumulated deficit of \$33,685,851 as at December 31, 2019 (December 31, 2018 - \$31,885,874). The Company has negative working capital of \$1,323,611 (December 31, 2018 - \$372,243). Management is continuing to actively pursue strategies to realize on the potential of its assets or secure additional financings in order to fund its operations. The Company has obtained additional financing through private placements (See Share Capital Data below) subsequent to year-end December 31, 2019 and continues to seek additional equity financings through private placements and/or public offerings. While the Company has been successful in securing equity financings, there is no assurance of the success or sufficiency of any future financings.

## Commitments

### Break Fee Receivable

On October 14, 2015, the Company signed a letter of intent ("LOI") with Crystal Capital Wealth Corporation ("Crystal"). The LOI proposes a transaction pursuant to which the Company would acquire all the issued and outstanding securities of Crystal by means of a Reverse Takeover and Change of Business (the "Transaction").

On March 31, 2016, the Company and Crystal terminated the indicative LOI as it has expired. Under the terms of the Agreement, Giyani is entitled to and will pursue collecting the US\$250,000 break fee. Crystal loaned the Company \$35,000 which will be deducted from the break fee owing. Given the uncertainty of collectability, no amounts have been setup as receivable in the condensed interim consolidated financial statements.

### Term Sheet

January 28, 2019, the Company entered into a non-binding term sheet (the "Agreement") with Traxys Africa Trading (Pty) Ltd ("Traxys" or the "Lender") which sets out terms for an investment of US\$1,000,000 in the form of a secured convertible loan facility under which Traxys will have exclusive rights to market all of the direct shipping ore ("DSO") manganese material processed and produced from the Company's K.Hill and Otse reclamation projects in Botswana.

The facility bears interest at the aggregate of 10% and the 3-month US\$ LIBOR per annum compounded quarterly with a term of 36 months. The facility will be repaid on or before the maturity by:

- the future delivery of DSO or other ore as provided for in the Agreement. The net amount (after all applicable deductions have been made) of the proceeds derived from the sale of the DSO, will be used to reduce the outstanding amount until such date as the outstanding amount has been fully repaid,
- at the sole discretion of the Lender, by the Lender exercising its right to conversion shares or,
- repayment in cash by the Corporation of any then remaining outstanding amount at maturity.

The Company, as part of the Agreement, shall pay to Traxys a commission of US\$10 per ton in respect of all material subject to the Agreement. The commission shall be deducted from the proceeds of the sale of the DSO, or other ore, in addition to any repayment deductions, and shall continue to apply for the duration of the Agreement irrespective of the outstanding amount being settled.

The outstanding amount, constituting principal and accrued interest of the facility may be converted into common shares of the Company at any time. The price per conversion share will be \$0.225. In addition, the Company will issue for no additional consideration 3,000,000 unlisted warrants all vesting immediately. Each warrant will be exercisable into one common share of the Company for a period of 36 months from the date of their issuance at an exercise price of \$0.225. The definitive agreement has not yet been completed and remains under discussion between both parties. Following the outbreak of Covid-19 and the ensuing global pandemic, the Company continues to review its strategy in relation to the DSO program that had been planned in 2019 for commencement in 2020. In order to protect the health and wellbeing of all the Company's employees, consultants and contractors, the DSO program remains under review and has not yet commenced.

### **Share Capital Data**

During the year ended December 31, 2019, former Directors exercised 550,000 stock options exercisable at \$0.10 for total gross proceeds of \$55,000.

On December 31, 2019, the Company issued 416,333 common shares for \$0.16 to a joint shareholder of Rock Island. The issuance of the shares was to settle debt owed in connection with the sale of the Rock Island asset to CMR.

In May, 2020 the Company completed a non-brokered private placement of units at \$0.08 per unit to accredited investors and other exempt purchasers, with each unit consisting of one common share of the Company and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at an exercise price of \$0.10 per share for a period of three years from the closing of the private placement. The Company has received subscription agreements totalling \$1,200,000.

In May 2020, the Company settled an aggregate of \$192,154.43 in debt and a total of 1,829,023 common shares will be issued to creditors. In connection with the debt settlements, 1,167,018 shares were issued to directors and/or officers (or their affiliates) of the Company

In March 2020, the Company issued 500,000 stock options to a new member of management. The stock options have an exercise price of \$0.12 and expire March 10, 2025. The options vested immediately.

The Company had 102,253,234 common shares outstanding as of the date of this report.

As of the date of this report the outstanding equity instruments are as follows:

<b>Stock Options</b>				
<b>Expiry Date</b>	<b>Outstanding</b>	<b>Price</b>	<b>Potential Liquidity</b>	
24-Jun-21	500,000	\$ 0.10	\$	50,000
3-Aug-21	350,000	\$ 0.31	\$	108,500
1-May-22	800,000	\$ 0.34	\$	272,000
28-Nov-22	750,000	\$ 0.30	\$	225,000
25-Apr-23	350,000	\$ 0.23	\$	80,500
28-Sep-23	2,387,500	\$ 0.28	\$	668,500
18-Nov-24	2,000,000	\$ 0.15	\$	300,000
10-Mar-25	500,000	\$ 0.12	\$	60,000
<b>Warrants</b>				
<b>Expiry Date</b>	<b>Outstanding</b>	<b>Price</b>	<b>Potential Liquidity</b>	
23-Oct-20	1,339,125	\$ 0.28	\$	368,259
18-Oct-20	16,875	\$ 0.28	\$	4,641
19-May-23	7,500,000	\$ 0.10	\$	750,000

### Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

### Related Party Transactions

Remuneration of directors and key management personnel of the Company was as follows:

Management and consulting fees of \$584,846 (year ended December 31, 2018 - \$651,682) were paid or accrued to officers and directors of the Company or to companies controlled by officers or directors of the Company during the year ended December 31, 2019.

The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2019, the Company paid or accrued professional fees of \$42,658 (year ended December 31, 2018 - \$41,688) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. MSSI also provides bookkeeping services to the Company. As at December 31, 2019, MSSI was owed \$47,158 (December 31, 2018 - \$3,773) with respect to services provided.

As at December 31, 2019, the Company owed \$384,459 (December 31, 2018 - \$81,682) to directors and officers of the Company and entities controlled by or associated with directors and officers of the Company. The balance owed was recorded in the consolidated statement of financial position as amounts due to related parties.

### Capital management

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

The Company manages its capital structure and makes adjustments in light of the changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the Company's capital requirements, the Company has in place planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the Exchange which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2018, the Company is compliant with known requirements other than Policy 2.5 of the TSX Venture Exchange. The Company continues to evaluate various options in order to meet the capital requirement imposed by Policy 2.5 of TSX Venture Exchange. There can be no assurance that the Company's financing activities will be successful or sufficient.

## Financial instruments and risk management

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

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

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

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

### Fair values

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

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

### Credit risk

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

The Company reduces its risk on cash by maintaining its bank accounts at 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 to and anticipated investing and financing activities. The Company's financial obligations currently consist of accounts payable and accrued liabilities and amounts due to related parties. The carrying value of the accounts payable, accrued liabilities and amounts due to related parties approximates fair value as they are short term in nature.

The Company had cash at December 31, 2019 of \$8,758 (December 31, 2018 - \$21,107). As at December 31, 2019, the Company had accounts payable and accrued liabilities and amounts due to related parties of \$1,328,813 (December 31, 2018 - \$487,324).

### Market Risk

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

#### a) Interest Rate Risk

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

#### b) Foreign Currency Risk

The Company is exposed to foreign currency risk of the South African Rand, Botswana Pula and United States dollar. Based on the net exposure at December 31, 2019, a 10% depreciation or appreciation of the South African Rand, Botswana Pula and United States dollar against the Canadian dollar would be approximately \$35,647.

### 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.

### Risk Factors

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

### Nature of Mineral Exploration and Mining

The Company's future is dependent on the Company's exploration and evaluation programs. The exploration and evaluation of mineral deposits involves significant financial risks over a prolonged period of time, which a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Company's exploration properties may be required in constructing mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary feasibility studies or final feasibility studies on the Company's projects or the current or proposed exploration programs on any of the properties in which the Company has exploration rights will result in any profitable commercial mining operation. The Company cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing Mineral Reserves. The Company's exploration and evaluation may be hampered by mining, heritage and environmental legislation, industrial accidents, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies.

The Company does not currently operate a mine on any of its properties. There is no certainty that the expenditures made by the Company towards the search for and evaluation of mineral deposits will result in discoveries that are commercially viable. Whether a deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of metal concentrates, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Company not receiving an adequate return on invested capital or have a material adverse effect on the Company's business and financial condition. In addition, assuming discovery of a commercial orebody, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Most of the above factors are beyond the Company's control.

### Limited Operating History

The Company's properties are in the exploration stage and are not commercially viable at this time. The Company has not recorded any revenues from mining operations and there is no certainty that the exploration expenditures towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore or that the Company will generate revenue, operate profitably or provide a return on investment in the future. There can be no assurance that significant additional losses will not occur in the future. The operating expenses and capital expenditures may increase in subsequent years with advancing exploration, evaluation, development of properties if proven successful and/or production of the properties. The Company does not expect to receive revenues from operations in the foreseeable future. The Company expects to incur losses until such time as its properties enter into commercial production and generate sufficient revenue to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources and there can be no assurance that the Company will be able to finance its operations externally.

There can be no assurance that the Company's exploration programs will result in locating commercially exploitable mineral ores or that its properties will be successfully developed. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

**Ability to Continue as a Going Concern**

The Company's ability to continue as a going concern is dependent upon its ability to continue to raise adequate financing to fund its continuing exploration, evaluation activities and development of properties if they are proven successful. There is no assurance that the Company will either achieve or maintain profitability in the future.

**Requirement for Further Financing**

The further exploration of the various mineral properties in which the Company holds interests and the acquisition of additional properties depends upon the Company's ability to obtain financing through joint ventures of projects, debt financing, equity financing or other means. There can be no assurance that the Company will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to shareholders. Failure to obtain additional financing on a timely basis could cause the Company to reduce or terminate its operations or lose its interest in one or more of its properties continue exploring the Company's mineral properties and acquiring additional properties, management will be required to pursue additional sources of financing. While management has been successful in obtaining such financing in the past, there is no assurance that it will be successful in the future. Failure to obtain sufficient financing may result in delaying or indefinitely postponing exploration, evaluation, development of or production on any or all of the Company's properties if they are proven successful, or even loss of property interest. It may also prevent the Company from meeting its obligations under agreements to which it is a party as a result of which, its interest in the properties may be reduced. There can be no assurance that additional capital or other types of financing, if needed, will be available or, if available, the terms of such financing will be favourable to the Company.

The amount of administrative expenditures is related to the level of financing and exploration activities that are being conducted, which in turn may depend on our recent exploration experience and prospects, as well as general market conditions relating to the availability of funding for exploration-stage resource companies. As a result, there may not be predictable or observable trends in our business activities and comparison of financial operating results with prior years may not be meaningful.

**Title Matters**

The Company has taken reasonable measures, in accordance with industry standards for properties at the same stage of exploration as those of the Company to ensure proper title to its properties. However, there is no guarantee that title to any of its properties will not be challenged or impugned. Title insurance generally is not available for mining claims in Canada and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be limited. The Company's properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate the properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes, carry out and file assessment work, may invalidate title to portions of the properties where the mineral rights are not held by the Company.

**Market Factors and Volatility of Mineral Prices**

There is no assurance that a profitable market will exist for the sale of mineralized material which may be acquired or discovered by the Company. There can be no assurance that ore prices received will be such that the Company's properties can be mined at a profit. Prices of minerals have fluctuated widely, particularly in recent years and are affected by numerous factors beyond the Company's control. Commodity prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

Future mineral prices cannot be accurately predicted. A severe decline in the price of a mineral being produced or expected to be produced by the Company would have a material adverse effect on the Company and could result in the suspension of mining operations by the Company if such mining operations have commenced. Factors impacting the price of ore include political and economic conditions in mineral producing and consuming countries and production levels and costs of production in other jurisdictions.

**Environmental Regulations and other Regulatory Requirements**

The Company is subject to substantial environmental and other regulatory requirements and such regulations are becoming more stringent. All phases of exploration and development operations are subject to environmental regulations. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are presently unknown to the Company and which have been caused by previous or existing owners or operators of the properties.

Although the Company intends to comply fully with all environmental regulations, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### **Conflicts of Interest**

Certain directors and officers of the Company may become or are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required under the British Columbia Business Corporations Act to disclose his interest and to abstain from voting on such matter.

### **Market Price of Common Shares**

Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in precious and base metal mineral prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Company's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value.

### **Foreign Jurisdictions**

Certain of the Company's projects are located in foreign jurisdictions and are subject to risks relating to political stability and changes in laws relating to foreign ownership, government participation, taxation, royalties, duties, rates of exchange, exchange controls, export controls, land use and operational safety, and the potential for terrorism or military repression. Because a significant percentage of its operating costs, exploration expenditures and lease maintenance and acquisition costs are denominated in Chilean Pesos, the Company's results of operations are subject to the effects of fluctuations in exchange rates and inflation. The Company does not engage in any hedging activities to minimize such risks.

### **Forward-Looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company will be able to continue its business activities.	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain equity funding when required.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans.	The operating activities of the Company for the twelve months ending December 31, 2020, will be consistent with the Company's current expectations.	Sufficient funds not being available; increases in costs; the Company may be unable to retain key personnel.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section above. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.