GIYANI METALS CORP.

(FORMERLY GIYANI GOLD CORP.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Giyani Metals Corp. (formerly Giyani Gold Corp.):

We have audited the accompanying consolidated financial statements of Giyani Metals Corp. (formerly Giyani Gold Corp.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss (income) and comprehensive loss (income), changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Giyani Metals Corp. (formerly Giyani Gold Corp.) as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

March 29, 2018
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

GIYANI METALS CORP.
(FORMERLY GIYANI GOLD CORP.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash	$ 97,682	$ 94,010
Funds held in trust (note 20)	139,497	-
Amounts receivable	100,706	48,906
Amounts due from related party (note 12)	96,814	82,203
Prepaids	19,168	500
Total current assets	453,867	225,619
Equipment (note 4)	22,729	30,941
Investment in associate (note 6)	632,128	795,627
Exploration and evaluation assets (note 5)	1,088,729	-
Total Assets	$ 2,197,453	$ 1,052,187
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 312,159	$ 572,867
Other liabilities (note 7)	106,943	-
Amounts due to related parties (note 12)	91,212	660,956
Total Liabilities	510,314	1,233,823
Equity (Deficiency)		
Share capital (note 8(b))	21,316,713	19,066,321
Contributed surplus (note 9)	5,894,488	5,326,516
Warrants (note 10)	4,283,879	4,093,233
Shares to be issued (note 20)	189,922	-
Cumulative translation adjustment	(165,009)	(158,861)
Deficit	(29,832,854)	(28,508,845)
	1,687,139	(181,636)
Total Liabilities and Equity (Deficiency)	$ 2,197,453	$ 1,052,187

Nature of operations (note 1)
Commitments (note 18)
Subsequent events (note 20)

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

Approved by the Board of Directors:

Director: Eugene Lee

Director: Scott Breard

GIYANI METALS CORP.

(FORMERLY GIYANI GOLD CORP.)
Consolidated Statements of Loss (Income) and Comprehensive Loss (Income)
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Expenses		
Corporate, general and administration (note 13)	$ 1,474,303	$ 1,171,822
Amortization (note 4)	8,211	10,388
Write-down of property acquisition costs and exploration and evaluation assets (note 5)	-	15,663
Net loss before interest and other items	1,482,514	1,197,873
Foreign exchange loss (gain)	1,040	(1,737)
Interest and other expenses	-	2,837
Gain on disposition of exploration and evaluation assets	-	(310,605)
Gain on debt settlement (note 12)	(323,044)	(122,136)
Loss from associate (note 6)	163,499	111,325
Gain on marketable securities	-	(490,909)
Gain on deconsolidation (note 6)	-	(741,285)
General exploration expense	-	3,589
Net loss (income) for the year	$ 1,324,009	$ (351,048)
Other comprehensive loss (income)		
Items that may be subsequently reclassified to profit and loss:		
Currency translation adjustment	6,148	8,188
Comprehensive loss (income) for the year	$ 1,330,157	$ (342,860)
Attributable to:		
Owners of the parent	$ 1,324,009	$ (24,645)
Non-controlling interest	-	(326,403)
Net loss (income) for the year	$ 1,324,009	$ (351,048)
Basic diluted loss (income) per share	$ 0.02	$ (0.01)
Diluted loss (income) per share	$ 0.02	$ (0.01)
Weighted average number of shares outstanding	71,936,942	64,957,729
Weighted average number of shares outstanding, diluted	71,936,942	65,096,779

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

GIYANI METALS CORP.

(FORMERLY GIYANI GOLD CORP.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share Capital								
	Number	Amount	Contributed Surplus	Warrant	Shares to be issued	Non-Controlling Interest	Cumulative Translation Adjustment	Deficit	Total
Balance, December 31, 2015	63,270,980	$ 18,520,824	$ 5,090,180	$ 4,093,233	$ -	$ 35,434	$ (150,673)	$ (28,533,490)	$ (944,492)
Private placement, net of costs	3,450,000	339,201		-	-	-	-	-	339,201
Exercise of stock options	750,000	112,500		-	-	-	-	-	112,500
Fair value reclassed upon exercise of stock options	-	93,796	(93,796)	-	-	-	-	-	-
Currency translation adjustment	-	-		-	-	-	(8,188)	-	(8,188)
Options granted by Canoe	-	-	19,777	-	-	30,728	-	-	50,505
Share-based compensation	-	-	310,355	-	-	-	-	-	310,355
Deconsolidation of subsidiary	-	-	-	-	-	(392,565)	-	-	(392,565)
Net income for the year	-	-		-	-	326,403	-	24,645	351,048
Balance, December 31, 2016	67,470,980	$ 19,066,321	$ 5,326,516	$ 4,093,233	$ -	$ -	$ (158,861)	$ (28,508,845)	$ (181,636)
Private placement, net of costs	3,521,572	1,022,556		190,646	-	-	-	-	1,213,202
Exercise of stock options	550,000	92,500		-	-	-	-	-	92,500
Fair value reclassed upon exercise of stock options	-	75,996	(75,996)	-	-	-	-	-	-
Share-based compensation	-	-	643,968	-	-	-	-	-	643,968
Shares issued for debt settlement	1,029,186	329,340	-	-	-	-	-	-	329,340
Shares issued for exploration and evaluation assets	2,000,000	730,000	-	-	-	-	-	-	730,000
Proceeds received for shares to be issued	-	-	-	-	189,922	-	-	-	189,922
Currency translation adjustment	-	-	-	-	-	-	(6,148)	-	(6,148)
Net loss for the year	-	-	-	-	-	-	-	(1,324,009)	(1,324,009)
Balance, December 31, 2017	74,571,738	$ 21,316,713	$ 5,894,488	$ 4,283,879	$ 189,922	$ -	$ (165,009)	$ (29,832,854)	$ 1,687,139

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

GIYANI METALS CORP.
(FORMERLY GIYANI GOLD CORP.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating Activities		
Net loss for the year	$ (1,324,009)	$ 351,048
Accrued interest expense	-	2,171
Amortization	8,211	10,388
Stock-based compensation	643,968	360,860
Gain on marketable securities	-	(490,909)
Gain on debt settlement	(323,044)	(93,095)
Gain on deconsolidation	-	(741,285)
Loss from associate	163,499	111,325
Write-down of property acquisition costs and exploration and evaluation assets	-	(294,942)
Net change in non-cash working capital:		
Funds held in trust	(139,497)	-
Amounts receivable	(51,800)	(23,447)
Amounts due from related party	(14,610)	5,097
Prepaid expenses	(18,668)	27,864
Accounts payable and accrued liabilities	175,575	90,191
Amounts due to related parties	(246,700)	(31,692)
Cash used in operating activities	(1,127,075)	(716,426)
Investing Activities		
Proceeds from sale of exploration and evaluation assets	-	500,000
Restricted cash	-	5,000
Exploration and evaluation asset expenditures	(358,729)	(6,618)
Repayment of debenture	-	(150,000)
Change in cash related to deconsolidation	-	18,541
Cash (used in) provided by investing activities	(358,729)	366,923
Financing Activities		
Proceeds on issuance of shares, net of issuance costs	1,213,202	339,201
Proceeds from exercise of stock options	92,500	112,500
Proceeds for shares to be issued	189,922	-
Cash provided by financing activities	1,495,624	451,701
Effect of foreign exchange on cash	(6,148)	(8,188)
Change in cash during the year	3,672	94,010
Cash, beginning of the year	94,010	-
Cash, end of the year	$ 97,682	$ 94,010
Supplemental cash flow information:		
Shares issued for exploration and evaluation assets (notes 5 and 8)	$ 730,000	$ -

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

1. Nature of operations

Giyani Metals Corp., formerly Giyani Gold Corp. ("Giyani", or "the Company") was incorporated under the Canada Business Corporations Act on July 26, 2007 and continued under the Business Corporations Act of British Columbia on August 4, 2010. The Company has focused its full attention to advance its recently acquired manganese exploration stage assets within the Kanye Basin in south eastern Botswana, Africa (the "Kanye Project"). Previously the Company was seeking other business opportunities and it was engaged in the acquisition, exploration, evaluation and development of gold resource properties in South Africa and Canada. The registered address is Suite 403 - 277 Lakeshore Road East, Oakville, Ontario, L6J 6J3. The Company trades on the TSX Venture Exchange (“TSXV”) under the symbol “WDG”.

On July 17, 2017, the Company announced a name change from Giyani Gold Corp. to Giyani Metals Corp. to accurately reflect new business developments and marketing of its products.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a “going concern”, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company reported net loss of $1,324,009 for the year ended December 31, 2017 (2016 - income of $351,048) and had an accumulated deficit of $29,832,854 at December 31, 2017 (December 31, 2016 - $28,508,845).

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements of the Company, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 29, 2018.

(b) Basis of consolidation and presentation

The consolidated financial statements have been prepared on a historical cost basis. All dollar amounts presented are in Canadian dollars unless otherwise specified.

Subsidiaries

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

Associates

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

(Expressed in Canadian Dollars)

2. Basis of preparation (continued)

(b) Basis of consolidation and presentation (continued)

Outlined below is information related to the the Company's subsidiaries and associates owned by Giyani as at December 31, 2017:

Entity name	Company ownership (%)	Place of Incorporation	Functional currency	Method
Canoe Mining Ventures Corp. ("Canoe") (1)	23.7	Canada	Canadian Dollar	Equity method
Coldstream Mineral Ventures Corp.	23.7	Canada	Canadian Dollar	Equity method
Sheltered Oak Resources Corp.	23.7	Canada	Canadian Dollar	Equity method
Menzi Battery Metals (Pty) Ltd.	100	Botswana	Botswana Pula	Consolidated
Qakaza Diamond Corp. (Pty) Ltd.	100	Botswana	Botswana Pula	Consolidated
Matsomo Gold Corp. (Pty) Ltd.	100	Botswana	Botswana Pula	Consolidated
Alpha 111 Holdings Co. Ltd.	100	Barbados	Canadian Dollar	Consolidated
Beta 222 Holdings Co. Ltd.	100	Barbados	Canadian Dollar	Consolidated
Giyani Gold Holdings 333 (Pty) Ltd.	100	South Africa	Canadian Dollar	Consolidated
Giyani Gold South Africa (Pty) Ltd.	100	South Africa	South African Rand	Consolidated
Lexshell 831 Investments (Pty) Ltd.	100	South Africa	South African Rand	Consolidated
GGC South Africa Mining 111 (Pty) Ltd.	100	South Africa	South African Rand	Consolidated
Obliwize (Pty) Ltd.	100	South Africa	South African Rand	Consolidated
Obliweb (Pty) Ltd.	100	South Africa	South African Rand	Consolidated
Lexshell 885 Investments (Pty) Ltd.	100	South Africa	South African Rand	Consolidated
Lexshell 154 General Trading (Pty) Ltd.	100	South Africa	South African Rand	Consolidated
Lexshell 837 Investments (Pty) Ltd.	64	South Africa	South African Rand	Consolidated
Rock Island Trading 17 (Pty) Ltd. (2)	28.8	South Africa	South African Rand	Joint Operation

(1) During the year ended December 31, 2016, the Company deconsolidated Canoe due to loss of control and accounted for the retained investment in Canoe as an investment in associate using the equity method.

(2) 28.8% represents the Company's effective ownership in Rock Island Trading 17 (Pty) Ltd., a joint operation.

Critical accounting estimates and judgments

The Company performed an analysis of risk factors which, if any should be realized, could materially and adversely affect the results, financial position and/or market price of its securities.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses and other income for the year. These estimates and assumptions were based on management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience. Significant estimates and assumptions include the following (excluding going concern which is disclosed in Note 1):

(i) Recoverability of exploration and evaluation properties

Management will consider the economics of its exploration and evaluation assets, including the drill and geophysical results. Where an indicator of impairment exists, management will perform an impairment test and if the recoverable amount is less than the carrying value, record an impairment charge.

2. Basis of preparation (continued)

Critical accounting estimates and judgments (continued)

(ii) Stock-based compensation

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

(iii) Other accounting estimates and judgments

Other estimates and judgments included determinations as to whether exploration costs should be expensed or capitalized.

While Management believes that these estimates and judgments are reasonable, actual results may differ from the amounts included in the consolidated financial statements.

3. Significant accounting policies

Foreign currency translation

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of each entity is listed in Note 2(b). The consolidated financial statements are presented in Canadian dollars which is the Company's presentation currency.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities, expenses and other income arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction. Exchange gains or losses arising from the translation are included in the determination of losses in the current year.

The results and financial position of all entities in the Company that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- equity transactions are translated at the historical exchange rate;
- income and expenses for each income statement are translated at the exchange rate in effect on date of the transaction (or at average exchange rates for the reporting period);
- exchange differences are recorded in cumulative translation adjustment.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized through profit or loss.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash, funds held in trust, amounts due from related party and amounts receivables as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

The Company's accounts payable and accrued liabilities, promissory note, debenture and amounts due to related parties are classified as other financial liabilities.

Deferred acquisition costs

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

3. Significant accounting policies (continued)

Exploration and evaluation assets

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis, once the right to explore a property has been obtained by the Company. Such costs include mineral property acquisition costs and exploration and evaluation expenditures, net of any recoveries, and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential. Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project are written off.

Equipment

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

Computer equipment	33.3%	declining balance
Furniture and fixtures	14.3%	declining balance
Mining and exploration equipment	14.3%	declining balance
Telecommunication and mobile equipment	20.0%	declining balance

Impairment of non-current assets

Non-current assets are evaluated at each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

In calculating recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. Management also considers fair value based on cost information and the value of successful exploration activities.

The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal, and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount.

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

3. Significant accounting policies (continued)

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Provision for environmental rehabilitation

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

Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. Additional disturbances and changes in closure and reclamation estimates are accounted for as incurred with a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

There are currently no environmental rehabilitation provisions recorded.

Capital stock

Proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to capital stock based on the fair value of the common share and any residual value remaining is allocated to common share purchase warrants.

Flow-through common shares

The Company finances a portion of its development and construction activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying expenditures to investors. At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received ("flow-through commitment") as follows:

- Share capital — at fair market value, based on the share price at the date of grant;
- Warrant reserve — Warrants (if any) are measured, based on the valuation derived using the Black-Scholes option-pricing model. A warrant reserve (if any) is recorded to the extent that the unit issue price is greater than the fair market value of the share capital; and
- Flow-through share premium — Recorded as a liability and equal to the residual balance.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. The Company considers the tax benefits of qualifying expenditures to have been effectively transferred if it has formally renounced those expenditures and has incurred the expenditures at any time before the end of the reporting period.

3. Significant accounting policies (continued)

Share-based payments

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

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

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

The Company uses the balance sheet method of accounting for deferred taxes. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(Income) loss per share

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

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

3. Significant accounting policies (continued)

Non-controlling interests

Non-controlling interests in the Company’s less than wholly-owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interests for the non-controlling interests’ share of changes to the subsidiary’s equity. Adjustments to recognize the non-controlling interests’ share of changes to the subsidiary’s equity are made even if this results in the non-controlling interests having a deficit balance.

If changes in the Company's ownership interest in a subsidiary result in a loss of control, the Company derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position, recognizes any investment retained in the former subsidiary when control is lost and subsequently accounts for it in accordance with relevant IFRSs and recognizes the gain or loss associated with the loss of control attributable to the former controlling interest. During the year ended December 31, 2016, the Company deconsolidated Canoe and recognized the retained investment in Canoe as investment in associate accounted for using the equity method (note 6).

New standards not yet adopted

IFRS 9 — Financial instruments ("IFRS 9") was updated by the IASB in November 2009 and will replace part of IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 addresses the classification and measurement of financial assets. The two measurement categories for financial assets include amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is recorded at fair value through profit or loss.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments — Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company does not expect adoption to have any material impact.

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRS 15 - Revenue from Contracts with Customers. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 - Revenue, IAS 11 - Construction Contracts, and a number of revenue related interpretations. The new standard will apply to nearly all contracts with customers; the main exceptions are leases, financial instruments and insurance contracts. The Company does not expect adoption to have any material impact.

(Expressed in Canadian Dollars)

4. Equipment

Cost	Furniture and Fixture	Mining and Exploration	Computer Equipment	Equipment	Total
Balance, December 31, 2015, December 31, 2016 and December 31, 2017	$ 31,186	$ 21,724	$ 21,175	$ 32,743	$ 106,828
Accumulated depreciation					
Balance, December 31, 2015	$ 14,865	$ 20,886	$ 21,175	$ 8,573	$ 65,499
Depreciation for the year	5,435	120	-	4,833	10,388
Balance, December 31, 2016	$ 20,300	$ 21,006	$ 21,175	$ 13,406	$ 75,887
Depreciation for the year	3,625	718	-	3,869	8,212
Balance, December 31, 2017	$ 23,925	$ 21,724	$ 21,175	$ 17,275	$ 84,099
Net book value					
Balance, December 31, 2016	$ 10,886	$ 718	$ -	$ 19,337	$ 30,941
Balance, December 31, 2017	$ 7,261	$ -	$ -	$ 15,468	$ 22,729

5. Exploration and evaluation assets

Botswana

On April 11, 2017, the Company announced the acquisition of six new prospecting licenses that encompass the past producing Kgwakgwe Hill Manganese Mine ("K. Hill") located in the Kanye Basin, Southeastern Botswana. Binding agreements were signed with Everbroad Investments (Pty) ("Everbroad") Limited and Marcelle Holdings (Pty) ("Marcelle") Limited to acquire an 88% interest in PL322/2016 (Kgwakgwe Hill License) 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 licences (PL294/2016 to PL300/2016 inclusive) by making cash payments totaling BWP 980,000 Botswana Pula (paid). Additionally, the Agreement also includes the completion of the acquisition of 100% interest in five prospecting licences from Marcelle and 88% interest in one prospecting licence from Everbroad as mentioned above. The Agreement also includes the acquisition of 100% interest in Menzi Battery (Pty) Limited ("Menzi"), a company incorporated in accordance with the laws of Botswana, by issuing two million common shares of Giyani (issued). The acquisition of Menzi was treated as an asset acquisition as Menzi did not meet the definition of a business under IFRS.

On November 16, 2017, the Company announced the acquisition of an additional licence near the town of Lobatse ("The Lobatse Prospect"). The Lobatse Prospect is located 40 km east of the K. Hill Prospect. The Lobatse Prospect, along with the K. Hill prospect and the Otse Prospect near the town of Otse, are all located within the boundaries of the Kanye Project area.

All licences have an initial expiry date of December 31, 2019, except for the Lobatse Prospect licence which has an initial expiry December 31, 2020. The licences have minimum Botswana Pula expenditures of BWP25,450,000 by December 31, 2019 and BWP2,950,000 by December 31, 2020 and can be renewed prior to the initial expiry date.

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (continued)

Botswana (continued)

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

	Kanye Project
Balance, December 31, 2016	$ -
Acquisition costs	965,241
Current expenditures	123,488
Balance, December 31, 2017	$ 1,088,729

South Africa

Rock Island Gold Project

Pursuant to the joint operation agreement relating to the assets of Rock Island, the Company funds the joint operation with Corridor Mining Resources (“CMR”) on a 50:50 basis, whereby both parties are to share the costs evenly on an ongoing basis. Exploration costs are recorded in a loan account where interest is accrued at an agreed upon rate. This loan will be repaid out of proceeds from the sale of the Rock Island asset. The loan is unsecured, with no fixed repayment terms and bears interest at South African prime +1%. As at December 31, 2017, the Company had advanced $1,748,823 to Rock Island for exploration work.

The Company’s exploration permits expired on July 10, 2015. Prior to expiry, an application to extend for a three year retention permit was submitted to the Department of Mineral Resources (the "DMR"). This application was submitted by Giyani’s partner CMR. At the time, no competing applications were submitted. The DMR confirmed receipt of the application on May 4, 2016. For accounting purposes, the Company continues to present the Rock Island Gold Project at $nil.

The Company continues to work towards recovering the loan receivable (approximately $735,000) owed to it by CMR, its joint venture partner on the Rock Island Gold Project. Given the uncertainty of collectability, no amounts have been setup as receivable in these consolidated financial statements.

6. Investment in associate

On September 23, 2016, as a result of the deconsolidation of Canoe (see note 17), an equity investment in Canoe of $906,952 was recorded based on the fair value of the shares held on that date.

During the year ended December 31, 2017, Canoe issued additional common shares. As a result the Company's ownership in Canoe decreased from 33.3% to 23.7% (see note 20(i)). During the year ended December 31, 2017, the Company's share of the losses of Canoe of $163,499 has been recorded in the consolidated statements of loss (income) and comprehensive loss (income).

The continuity of investment in associate is as follows:

	Investment in associate
Balance, September 23, 2016	$ 906,952
Loss pick-up from associate during the period	(111,325)
Balance, December 31, 2016	795,627
Loss pick-up from associate during the period	(163,499)
Balance, December 31, 2017	$ 632,128

(Expressed in Canadian Dollars)

6. Investment in associate (continued)

The fair value of the Company's investment in Canoe as at December 31, 2017 was approximately $3,298,000 (December 31, 2016 - $1,071,850).

The table below discloses selected financial information of Canoe on a 100% basis. The Company's ownership in Canoe is 23.7%.

	December 31, 2017	December 31, 2016
Loss and comprehensive loss for the period ended	$ 533,684	$ 21,273
Total assets	$ 1,348,955	$ 948,072
Total liabilities	$ 586,265	$ 636,993

7. Other liabilities

During the year ended December 31, 2017, the Company transferred $106,943 of accounts payable (the "Statute-barred Claims") to other liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (Ontario). The Statute-barred Claims related to expenses billed by and third party liabilities incurred by prior management of the Company prior to December 2015. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

8. Share capital

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

The following is a continuity of shares issued:

	Shares	Amount
Balance, December 31, 2015	**63,270,980**	**$ 18,520,824**
Private placement (i)	3,450,000	339,201
Exercise of stock options (Note 9)	750,000	112,500
Fair value reclassed upon exercise of stock option	-	93,796
Balance, December 31, 2016	**67,470,980**	**$ 19,066,321**
Private placement (ii)	3,521,572	1,232,550
Valuation of warrants issued in private placement (ii)	-	(190,646)
Share issuance costs (ii)	-	(19,348)
Exercise of stock options (Note 9)	550,000	92,500
Fair value reclassed upon exercise of stock options	-	75,996
Shares issued for settlement of debt (iii)	1,029,186	329,340
Shares issued for exploration and evaluation assets (iv)	2,000,000	730,000
Balance, December 31, 2017	**74,571,738**	**$ 21,316,713**

(Expressed in Canadian Dollars)

8. Share capital (continued)

b) Issued share capital (continued)

(i) On July 19, 2016, the Company closed a non-brokered private placement financing and issued a total of 3,450,000 common shares of the Company at a price of $0.10 per share for total proceeds to the Company of $345,000. The Company incurred transaction costs of $5,799 related to the private placement.

(ii) On March 14, 2017, the Company closed a non-brokered private placement of 3,521,572 units for total gross proceeds of $1,232,550. Each unit consisted of one common share of Giyani at a price of $0.35 per share and one half of a share purchase warrant exercisable at $0.70 for a period of 18 months from the date of issuance. Total transaction costs of $19,348 were incurred including a finders' fee of $6,300. The 1,760,786 warrants were assigned a fair value of $190,646, net of the allocated transaction costs, which was determined using the Black-Scholes option pricing model using the following assumptions: share price - $0.37, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 119%; risk-free interest rate - 0.82%; and an expected life - 1.5 years.

An officer and director of the Company subscribed for 205,714 units in the private placement for gross proceeds of $72,000.

(iii) On July 11, 2017, the Company issued 1,029,186 common shares in settlement of a total of $329,340 owing at a market price of $0.32 per share. 966,686 of these shares were issued to officers and directors of the Company in settlement of $309,340 owed.

(iv) On July 13, 2017, the Company issued 2,000,000 common shares for the acquisition of 100% interest in Menzi, a company incorporated in accordance with the laws of Botswana in relation to the acquisition of prospecting licences from Marcelle (note 5).

9. Stock options

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

Stock option transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2015	3,250,000	$ 0.82
Forfeited	(1,725,000)	1.04
Granted (i)(ii)	2,500,000	0.15
Exercised	(750,000)	0.15
Balance, December 31, 2016	3,275,000	$ 0.33
Exercised	(550,000)	0.17
Expired	(425,000)	1.30
Granted (iii)(iv)(v)	2,600,000	0.33
Balance, December 31, 2017	4,900,000	$ 0.27

(Expressed in Canadian Dollars)

9. Stock options (continued)

(i) On June 24, 2016, the Company granted 1,850,000 stock options to directors, officers and consultants with each option exercisable into one common share of the Company at an exercise price of $0.10 per share until June 24, 2021. A fair value of $164,650 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.11, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 114%; risk-free interest rate - 0.64%; and an expected life - 5 years. The options vested immediately.

(ii) On August 3, 2016, the Company granted 650,000 stock options to directors and an officer of the Company. These options are exercisable at $0.305 per share, have a five year term and vested immediately. A fair value of $145,705 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.28, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 116%; risk-free interest rate - 0.63%; and an expected life - 5 years.

(iii) On May 1, 2017, the Company granted 1,550,000 stock options to certain directors, officers and consultants with each option exercisable into one common share of the Company at an exercise price of $0.34 per share until May 1, 2022. A fair value of $423,406 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.33, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 122%; risk-free interest rate - 0.92%; and an expected life - 5 years. The options vested immediately.

(iv) On October 31, 2017, the Company granted 300,000 stock options to a consultant with each option exercisable into one common share of the Company at an exercise price of $0.35 per share until October 31, 2022 and vest 25% every 3 months. A fair value of $71,494 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.29, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 123%; risk-free interest rate - 1.55%; and an expected life - 5 years. The options vest over a 12-month period in stages of 25% after each 3-month period.

(v) On November 28, 2017, the Company granted 750,000 stock options to the Chief Executive Officer and director with each option exercisable into one common share of the Company at an exercise price of $0.30 per share until November 28, 2022. A fair value of $195,707 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.31, dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 124%; risk-free interest rate - 1.54%; and an expected life - 5 years. The options vested immediately.

Stock options outstanding as at December 31, 2017:

Expiry date	Exercise price ($)	Remaining contractual life (years)	Total options	Options exercisable
March 4, 2019	0.25	1.17	600,000	600,000
June 24, 2021	0.10	3.48	1,050,000	1,050,000
August 3, 2021	0.31	3.59	650,000	650,000
May 1, 2022	0.34	4.33	1,550,000	1,550,000
October 31, 2022	0.35	4.84	300,000	-
November 28, 2022	0.30	4.91	750,000	750,000
			4,900,000	4,600,000

(Expressed in Canadian Dollars)

10. Warrants

Warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price ($)
Balance, December 31, 2015	2,000,000	$ 0.45
Expired	(2,000,000)	0.45
Balance, December 31, 2016	-	$ -
Issued	1,760,786	0.70
Balance, December 31, 2017	1,760,786	$ 0.70

Warrants outstanding as at December 31, 2017:

Expiry date	Exercise price ($)	Remaining contractual life (years)	Warrants exercisable
September 9, 2018	0.70	0.69	1,760,786

11. Income taxes

The income tax allowance differs from the amount resulting from the application of the combined Canadian income tax rate as follows:

	2017	2016
Income (loss) before income taxes	$ (1,324,009)	$ 351,048
Combined statutory income tax rate	26.5%	26.5%
Income tax benefit at the combined Canadian statutory income tax rate	(350,862)	93,028
Permanent differences	(740,771)	(473,415)
Deconsolidation of previously unrecognized deferred tax assets	-	(1,701,553)
Share-based compensation and other non-deductible expenses	113,396	-
Utilization of losses due to debt settlement	88,257	-
Difference in tax rates	16,414	-
Change in tax benefits not recognized	873,566	2,081,940
Actual income tax recovery	$ -	$ -

12. Related party transactions

Management and consulting fees of $310,777 (year ended December 31, 2016 - $308,500) 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, 2017.

The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2017, the Company paid or accrued professional fees of $32,226 (year ended December 31, 2016 - $29,453) 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, 2017, MSSI was owed $5,970 (December 31, 2016 - $2,917) with respect to services provided. The balance owed was recorded in the consolidated statement of financial position as amounts due to related parties.

(Expressed in Canadian Dollars)

12. Related party transactions (continued)

As at December 31, 2017, the Company owed $91,212 (December 31, 2016 - $660,956) to directors and officers of the Company and entities controlled by or associated with directors and officers of the Company. These amounts were included in due to related parties. During the year ended December 31, 2017, an amount owing to an officer of $300,879 was forgiven. See note 8(b)(iii) for common shares issued to directors and officers of the Company to settle outstanding balances.

During the year ended December 31, 2016, the Company sold 2,910,000 Canoe shares to the former Chief Executive Officer ("CEO") of the Company in settlement of $87,300 debt owed to him. The transaction resulted in a disposition of 5.8% of the total shares outstanding of Canoe.

Refer to note 8(b)(ii) for an insider's participation in the Private Placement.

As at December 31, 2017, the Company had $96,814 (December 31, 2016 - $82,203) receivable from Canoe.

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Stock-based compensation	$ 537,165	$ 261,404

13. Corporate, general and administrative

	Year Ended December 31, 2017	Year Ended December 31, 2016
Professional fees	$ 412,733	$ 463,602
Salaries and benefits	81,364	81,515
Share-based compensation	643,968	310,355
Regulatory fees	60,572	75,256
Shareholder information	200,190	53,583
Travel	56,136	41,984
General and administrative	19,340	145,527
	$ 1,474,303	$ 1,171,822

14. Capital management

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

The Company manages its capital structure and makes adjustments in light of the changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the Company's capital requirements, the Company has in place planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. With the exception of commitments detailed in note 18 as noted below, there were no externally imposed capital requirements to which the Company is subject as at December 31, 2017. 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, 2017, 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.

15. 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. Funds held in trust consists of cash held in trust by the Company's lawyer, received by the Company subsequent to December 31, 2017. 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, funds held in trust 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, 2017 of $97,682 (December 31, 2016 - $94,010) and funds held in trust of $139,497 (December 31, 2016 - $nil). As at December 31, 2017, the Company had accounts payable and accrued liabilities and amounts due to related parties of $403,371 (December 31, 2016 - $1,233,823).

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)

15. Financial instruments and risk management (continued)

Market Risk (continued)

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, 2017, a 10% depreciation or appreciation of the South African Rand, Botswana Pula and United States dollar against the Canadian dollar would not be significant.

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 Chief Executive Officer.

The Company has three operating segments: the exploration, evaluation and development of manganese and precious metal mining projects located in Botswana ("Botswana Mining") and South Africa ("South Africa Mining"). The rest of the entities within the Company are grouped into a secondary segment ("Corporate").

The segmental report is as follows:

December 31, 2017	Botswana Mining	South Africa Mining	Corporate	Total
Total assets	$ 1,088,729	$ -	$ 1,108,724	$ 2,197,453
Total liabilities	-	125,514	384,800	510,314
Net loss	-	7,678	1,316,331	1,324,009

December 31, 2016	Canoe	South Africa Mining	Corporate	Total
Equipment	$ -	$ -	$ 30,941	$ 30,941
Total assets	-	-	1,052,187	1,052,187
Total liabilities	-	157,650	1,076,173	1,233,823
Net loss (income)	(1,166,451)	(14,499)	829,902	(351,048)

17. Non-controlling interest

On December 5, 2013, Canoe entered into an Amalgamation Agreement with 2299895 and Giyani to carry out a qualifying transaction. As a result of the transaction, Giyani's interest in Canoe declined from 98.1% to 57.4%. Pursuant to additional equity issuances by Canoe during the years ended December 31, 2014 and 2015, the Company's interest in Canoe declined to 39.1% as at December 31, 2015. The Company had assessed its investment in Canoe and judged that it had maintained control over Canoe as defined by IFRS 10 and continued to consolidated Canoe for the year ended December 31, 2015 and from January 1, 2016 to September 23, 2016. As a result of the resignation of a Giyani director who served on both the Company during the year ended December 31, 2016 and Canoe's board of directors and the reduction of the Company's ownership in Canoe to approximately 33% on September 23, 2016, management determined that Canoe no longer required to be consolidated and now accounts for the retained investment in Canoe as an investment in associate using the equity method. A gain on deconsolidation of $741,285 and an equity investment in Canoe of $906,952 were recognized.

(Expressed in Canadian Dollars)

17. Non-controlling interest (continued)

The major transactions and the resulting impact are summarized and described as follows:

	December 31, 2016
Balance, beginning of the year	$ 35,434
Change in non-controlling interest	-
Stock-based compensation in Canoe	30,728
Share of income (loss) attributable to non-controlling interests	326,403
Loss of control	(392,565)
Balance, end of the year	$ -

The fair value of Canoe net assets deconsolidated and the gain on deconsolidation was as follows:

	September 23, 2016
Cash	$ 121,435
Amounts receivable	1,938
Prepaids	6,528
Marketable securities	1,240,911
Exploration and evaluation assets	110,585
Accounts payable and accrued liabilities	(528,853)
Debentures	(68,033)
Amounts due to related parties	(238,979)
	645,532
Less:	
Settlement of due to related party	87,300
Non-controlling interest	392,565
Fair value of investment in Canoe	906,952
Gain on deconsolidation	$ (741,285)

18. 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 these consolidated financial statements.

Loan Receivable

The Company continues to work towards recovering the funds (approximately $735,000) owed to it by Corridor Mining Resources ("CMR"), its joint venture partner on the Rock Island Gold Project. Given the uncertainty of collectability, no amounts have been setup as receivable in these consolidated financial statements.

(Expressed in Canadian Dollars)

18. Commitments (continued)

European Financial Markets Consulting and Service Agreement

On November 1, 2017, the Company signed an European Financial Markets Consulting and Service Agreement ("Agreement") with Deutche Gesellschaft Fur Wertpapieranalyse GMBH ("DGWA") to engage DGWA to re-design and translate all presentation materials including webpages, fact sheets and investor presentations into the German language, to translate and distribute press release on behalf of the Company, to include the Company in DGWA's sector activities on its website and newsletters, to position the Company in the German speaking media environment and to assist the Company to present to German speaking retail and institutional investors. The term of this Agreement is 12 months and for the services rendered by DGWA under this Agreement, the Company shall pay to DGWA $5,000 per month.

Commitments to Management Compensation

During the year ended December 31, 2017, the Company signed three consulting agreements with each of the President, CEO and Executive Chairman of the Company. Under the agreements, which each may be extended for one additional year, the Company is committed to the following minimum payments:

2018	$ 438,000
2019	300,833
	$ 738,833

As part of the agreements, in the event of a change of control, the Company shall pay the consultants a lump sum payment equal to 12 months compensation, which totals $498,000.

19. Comparative figures

Comparative figures for salaries and benefits and stock-based compensation have been reclassified to conform with the current period presentation of the consolidated financial statements. These reclassifications had no impact on total expenses.

20. Subsequent events

(i) On January 29, 2018, the Company sold 2,800,000 common shares of Canoe for proceeds of $350,000. As a result, the Company's ownership in Canoe decreased to 19.7%.

(ii) On February 8, 2018, the Company closed a non-brokered private placement of 7,207,890 units issued at $0.275 per unit consisting of one common share and one-half of a common share purchase warrant. Each whole warrant is exercisable into a common share at an exercise price of $0.40 per share for a period of 18 months. In the event that the closing price per common share is more than $0.60 per common share for more than 20 consecutive trading days, the Company shall be entitled to accelerate the warrant expiry date to the date that is 30 days following the date on which the Company announces the accelerated warrant expiry date by press release.

In connection with the closing of the private placement, the Company paid certain finders a fee consisting of a cash payment of 7% of the proceeds such finders raised as well as 7% in finder’s warrants. The finder’s warrants were issued on the same terms as the warrants comprising the units. As a result the Company paid finders fees of $43,374 and issued 157,723 Finder’s Warrants.

As at December 31, 2017, $189,922 of the proceeds were received and recorded as shares to be issued, which includes $139,497 held in trust by the Company's lawyer.

20. Subsequent events (continued)

(iii) On February 23, 2018, the Company announced the addition of Stockhouse to its existing network of investor relations partners and launched a comprehensive global marketing campaign with the objectives of marketing the Company, and articulating its plan to become a leading supplier of manganese to the battery market.