Management's Discussion and Analysis of Financial Condition and Results of Operations
For the three-months period ended March 31, 2022
Date of release May 30, 2022

(All amounts are expressed in United States dollars unless otherwise stated)

1. INTRODUCTION

This Management Discussion and Analysis (''MD&A") for the three-months period ended March 31, 2022 has been prepared as at May 30, 2022, and contains certain "forward-looking statements" under the Canadian securities laws. All statements, other than statements of historical fact included herein, including without limitation statements regarding potential mineralization, exploration results, plans and objectives of Diamond Fields Resources Inc. ("Diamond Fields", "DFR" or "the Company" or together with its subsidiaries, "the Group"), are forward-looking statements that involve various risks, uncertainties and assumptions. The MD&A should be read in conjunction with the condensed consolidated financial statements of Diamond Fields.

(i) Russia-Ukraine war

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

Though the Company's activities have so far not been significantly affected by the situation, because of its broader impact on these macroeconomic conditions, the Company believes that the war's effect on its activities would largely depend on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The Company is continuously evaluating its direct and indirect exposures to the impacts of the war on its operation. The Company has no subsidiaries, operations, investments, contractual arrangements, or joint ventures in Ukraine and Russia. The Company also does not have significant suppliers, vendors, or customers in Ukraine or Russia. It neither lends to nor borrows from entities in those countries. Although the Company does not have direct exposure to Ukraine or Russia, it is likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war.

(ii) Management's responsibility for financial reporting

The condensed consolidated interim financial statements have been prepared by management who, when necessary, have made informed judgements and estimates of the outcome of events and transactions, with due consideration given to materiality. Management acknowledges its responsibility for the fairness, integrity and objectivity of all information in the consolidated financial statements.

As a means of executing its responsibility, management relies on the Company's system of internal control. This system has been established to ensure, within reasonable limits, that the assets are safeguarded, transactions are properly recorded and are executed in accordance with management's authorization. In addition, the system ensures that the accounting records provide a solid foundation from which to prepare the consolidated financial statements.

The Board of directors carries out its responsibility for the condensed consolidated financial statements principally through its Audit Committee, consisting solely of non-management directors. This committee makes its recommendations to the Board of directors. Based on those recommendations, the Board of directors approves the condensed consolidated financial statements.

2. OVERVIEW

(i) Description of business

Diamond Fields is a British Columbia governed company listed on the TSX Venture Exchange. The Company is active in mineral exploration, and has business interests in Madagascar, Namibia and in the Red Sea (jointly managed by The Kingdom of Saudi Arabia and the Republic of Sudan). Moreover, the Company is actively engaged in the assessment of additional mineral projects around the world to identify new opportunities. On August 25, 2021, the Company announced entering into definitive agreements to acquire certain gold assets in West Africa. Please refer to sub-heading *Asset Acquisitions*.

The Company's trading symbol on the TSX Venture Exchange is DFR.

(ii) Principal Assets

Beravina (Zircon)

The Company through its Madagascar-based subsidiary, Compagnie Générale des Mines de Madagascar, owns a Mining Licence (*Permis d'Exploitation* PE 8096) for the exploration and mining of the Beravina deposit that is valid until June 22, 2055. The project is located in Western Madagascar within the Melaky region, covering 625 hectares and is approximately 220km east of the port of Maintirano, near a state road. A NI 43-101 compliant technical report filed by the Company on January 29, 2019, reported an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon ($ZrSiO_4$) (equivalent to 15.3% ZrO_2).

Namibia (Diamonds)

Through its Namibian subsidiaries, the Company owns several offshore diamond mining licences in Namibia, including ML111 where the Company has historically produced diamonds (2001-2008, 2016 and 2018-2019). The Company also holds ML139 and 70% of ML32.

New Projects

The Company announced entering into definitive agreements to acquire a controlling interest in Moydow Holdings Ltd. ("Moydow"), a BVI company, which has interests in gold assets in West Africa, on August 25, 2021, subject to certain conditions, including shareholders approval. The Company's shareholders meeting has been scheduled for June 9, 2022, and shareholders are required to vote, amongst others on the resolution to approve the acquisition transaction. Please refer to sub-heading *Asset Acquisitions* further below.

2. OVERVIEW (CONTINUED)

(iii) Highlights

Beravina Project – Madagascar

The Company has not engaged in exploration works on the Beravina project since covid-19 related travel restrictions started in Madagascar. Major zircon producers are reporting strong demand for their product which is expected to prevail over the medium term. The Company is considering its options for the Beravina project.

Diamond Mining - Namibia

Discussions with International Mining and Dredging Holdings (Pty) Limited ("IMDH"), which carried out the 2018-19 mining campaign via its subsidiary NUTAM Operations (Pty) Ltd ("NUTAM") are continuing. IMDH continues to assess, amongst other things, the need and possible extent for further exploration and development work in order to potentially improve mining performance. The timing as to any resumption of mining at ML111 concession is dependent upon the conclusion of discussions with IMDH.

Other prospects and projects

The Company continues to review and assess the suitability of a number of additional mining projects around the world. During 2021, the Company entered into definitive agreements with Moydow Holdings Ltd. On closing, the Company will have interests in gold projects in Western Africa (the "Asset Acquisitions") as disclosed under the sub-heading *Asset Acquisitions*. The Company's shareholders' meeting has been set for June 9, 2022, and shareholders are required to approve the acquisition transaction.

Overall operation updates and performance

The Group posted a net loss of $583,784 (March 31, 2021: net loss of $2,274,203) for the three-months period ended March 31, 2022. The loss for the comparative period includes $2,033,892 fair value loss on movement on derivatives (warrants) and $32,896 loss on exchange. After excluding the effect of the derivatives and loss on exchange during the corresponding period last year, the higher loss during the current quarter is mainly attributable to increased general and administrative costs, which include interalia one off bonuses approved for the COO and CFO (amounting to $216,000 in aggregate), and the fees of the new CEO amounting to $87,500, in addition to professional and consultancy fees in relation to the acquisition of Moydow.

(All amounts are expressed in U.S. dollars except where otherwise indicated)

2. OVERVIEW (CONTINUED)

(iii) Highlights (Continued)

Corporate activities

The Company halted trading in its stocks on TSX V on August 24, 2021 in anticipation of the Fundamental Acquisition announcement of August 25, 2021. Trading of DFR stocks will remain halted until the conclusion of the Moydow transaction.

John McGloin has been appointed as CEO and President of the Company effective January 1, 2022.

On March 11, 2022, the Company announced a subscription to raise $3,132,500 through the issuance of 19,891,375 shares and entered into agreements to settle insider debts of $117,500 in consideration for the issuance of 746,125 shares at C$0.20 per share.

3. RESULTS OF OPERATIONS

(i) Review of selected financial and operating results

Selected year ends financial and non-financial information

	Three-months ended March 31, 2022	Three-months ended March 31, 2021
	$	$
Exploration and evaluation expenses	**(134,658)**	(63,979)
General and administrative expenses	**(449,839)**	(143,436)
Fair value movement on derivative instruments	**-**	(2,033,892)
Foreign exchange gain (loss)	**713**	(32,896)
Exchange difference on translation of foreign operations	**(2,992)**	-
Total comprehensive loss	**(586,776)**	(2,274,203)
Weighted average number of shares outstanding	**79,842,329**	68,895,662
Loss per share – basic and diluted ($)	**(0.01)**	(0.03)

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report. The MD&A includes certain non-IFRS measures to provide meaningful information, where appropriate.

No revenue was recorded for the three-months periods ended March 31, 2022 and 2021.

Evaluation and Exploration expenditures (''E&E'') amounted to $134,658 (March 31, 2021: $63,979) for the three-months period ended March 31, 2022. Exploration costs for the period ended March 31, 2022 were incurred on: the Namibian Diamond Project amounting to $8,867 (March 31, 2021: $11,894); Beravina Zircon Project amounting to $6,443 (March 31, 2021: $5,550); and other projects (mainly consultancy costs pertaining to the Moydow transaction) amounting to $119,548 (March 31, 2021: $46,535). Updates pertaining to the Namibia and Beravina projects are provided under *Review of Operations* further below.

3. RESULTS OF OPERATIONS (CONTINUED)

(i) Review of selected financial and operating results (Continued)

On August 25, 2021, the Company announced entering into definitive agreements for the acquisition of a controlling interest in Moydow, subject to certain approvals, including shareholders approval, expected during the shareholders meeting set for June 9, 2022. Following the acquisition of Moydow, the Company will be vested with interest in certain gold projects as further described under the sub-heading *Asset Acquisitions.*

The Company incurred $449,839 (March 31, 2021: $143,436) on general and administrative overheads (''G&A'') for the three-months period ended March 31, 2022. G&A consisted mainly of directors' fees as well as consultancy and professional fees. The substantial increase in G&A costs compared to 2021 is attributable to one off bonus of $108,000 approved for each of the CFO and the COO, and fees payable to the new CEO amounting to $87,500.

No gain or loss (March 31, 2021: loss of $2,033,892) was recorded on derivative instruments (warrants) for the three-months period ended March 31, 2022, all the 10,666,667 warrants previously held by Spirit Resources SARL ("Spirit"), the Company's major shareholder, have been exercised during the third quarter of 2021.

A minor foreign exchange gain of $713 (March 31, 2021: loss $32,896) was realised during the three-months period ended March 31, 2022. The comparative period's loss was mainly attributable to the valuation of the warrants held by Spirit, denominated in Canadian Dollars.

4. REVIEW OF OPERATIONS

(i) Projects

Madagascar "Beravina" Zircon

In 2016, the Company acquired the Beravina zircon project in Madagascar. Beravina is a pegmatite-hosted, hard rock, zircon deposit located approximately 325 kilometers west-northwest of Antananarivo, the capital of Madagascar. The deposit is characterized by a small surface footprint, with the mineralised pegmatite describing a steeply dipping cone-shaped structure. On January 29, 2019, the Company filed a technical report, entitled the Diamond Fields Resources Inc. Beravina Zircon Project Madagascar – NI 43-101 Technical Report (the "Technical Report"), disclosing an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO4) (equivalent to 15.3% ZrO2). The Technical Report has been reviewed and approved by Jeremy C. Witley, Pr. Sci. Nat. (Geological Science) of the MSA Group. Mr Witley is a Qualified Person (as that term is defined by National Instrument 43-101) and is independent of the Company. The Technical Report is available on SEDAR and the Company's website, with the reported resource summarised below.

Category	Tonnes (Millions)	ZrO_2 %	$ZrSiO_4$ %	HfO_2 %	ThO_2 ppm	U_3O_8 ppm	Density t/m^3
Inferred	1.5	15.3	22.7	0.3	537	46	3.1

4. REVIEW OF OPERATIONS (CONTINUED)

(i) Projects (Continued)

Madagascar "Beravina" Zircon (Continued)

Various consultants (SGS South Africa, HATCH and the MSA Group) have conducted analyses of the Beravina mineralisation, minerology, metallurgy and other deposit characteristics (the "2018 Work Program") in advance of an intended drill program. Results from further metallurgical and material processing tests released in October 2018 confirmed that zircon can be concentrated to levels of between 50% ZrO_2 and 58% ZrO_2 with varying levels of thorium ingrained.

On May 16, 2019, the Company entered into a cooperation agreement (the "Cooperation Agreement") with TMH Acquisition Co. ("TMH") to advance the Company's Beravina project (the "Project") in Madagascar. Pursuant to the terms of the Cooperation Agreement, TMH made an immediate payment of $250,000 to the Company and funded the next stage of exploration and development work on Beravina (the "2019 Work Program"). After an initial extension, the deadline for completion of the work under the Work Program was set for May 31, 2020. On June 29, 2020, DFR published a summary of the assay results from the 2019 Work Program which delivered a weighted average grade estimate of 15.5% ZrO_2 confirming the 15.3% grade of the Company's NI 43-101 technical report referred to above. Please refer to DFR's release dated June 29, 2020 for further details.

On June 26, 2020, the Company announced an amendment to the Cooperation Agreement (the "Amended Agreement") which required the Company to undertake the next phase of work, which involves a high-resolution magnetic drone survey, the development of digital elevation models and limited groundwork ("Phase 1") with the aim of locating potential new mineral deposits and extensions to the existing deposit.

On September 29, 2020, due to ongoing travel and operational restrictions resulting from the COVID-19 pandemic, the Company announced it has agreed a further eight month extension to the Cooperation Agreement, such that the deadline for the Company to complete Phase 1 and commence Phase 2 has been extended to May 31, 2021, and, consequently the deadline for completion of Phase 2 has been extended to July 31, 2021, and the time available for TMH to exercise its option to acquire the Project has been extended to August 31, 2021. DFR did not progress the work under the Amended Agreement mainly due to restrictions and uncertainties associated with the COVID-19 pandemic. The Cooperation Agreement having expired, the Company is considering its options for the Beravina project. Major zircon producers are reporting strong demand for their product which is expected to prevail over the medium term.

No exploration has been done on the Beravina project during the three-months period ended March 31, 2022 due to ongoing restrictions related to the coronavirus pandemic and costs incurred by the Company for the Beravina Project for the period amounted to $6,443 (March 31, 2021: $5,550).

4. REVIEW OF OPERATIONS (CONTINUED)

(i) Projects (Continued)

Namibian Marine Diamond Concessions

The Company holds three mining licences off the coast of Namibia. The principal mining licence, ML111, is held by its subsidiary, Diamond Fields (Namibia) (Pty) Limited ("DFN"), and is valid until December 4, 2025. DFN also holds mid to deep water offshore licence ML139, which expires in November 2029. Namibian Diamond Company (Pty) Limited ("NDC"), a 70% owned Namibian subsidiary, holds a near shore mining licence, ML32, which expires on December 17, 2023. An Environmental Clearance Certificate for ML32 was issued by the Ministry of Environment and Tourism on April 24, 2019.

In November 2017, IMDH and NUTAM presented DFR (and its subsidiary DFN) with an initial six months (non-continuous) mining program and, on November 10, 2018, IMDH/NUTAM's vessel MV Ya Toivo started mining activities on ML111. The initial mining program was completed on January 13, 2019, producing 47,298.18ct net weight rough diamonds.

Following completion of the first phase of the mining campaign (in January 2019), the Company and IMDH have been assessing the results and considering the need for further exploration and development work before completing the mining campaign. Such work is expected to improve recoveries from the remaining blocks under the current ML111 mining plan. As a result of these discussions, further mining campaigns of the ML111 mining program have been delayed. Any resumption of mining with IMDH is dependent upon the conclusion of these discussions.

The Company has incurred expenditures amounting to $8,667 ((March 31, 2021: $11,894) on the Namibian operations for the three-months period ended March 31, 2022.

Atlantis II, Red Sea

The Atlantis II deposit is comprised of a series of interlinked sub-basins predominantly infilled by a series of SEDEX (Sedimentary Exhalative) sequences. Pursuant to an agreement reached in 2011, a 30-year mining licence issued by the Joint Red Sea Commission to Manafa International Trade Company ("Manafa") was to be transferred to a joint venture company that was to be majority owned by the Company. Diamond Fields was entitled to a 50.1% interest in such company, with Manafa to hold the remaining 49.9% of shares. Manafa never transferred the licence resulting in a dispute. Development of the project has been hindered since April 2013 and the Company cannot ascertain whether the licence is in good standing. No expenditure was incurred on the project during the reporting period.

Evaluation of new prospects and other projects

The Company continues its efforts to secure new projects, which involve the engagement of consultants and professionals. The Company incurred costs amounting to $119,548 (March 31, 2021: $46,535) on the evaluation of new projects for the three-months period ended March 31, 2022, mainly made up of professional and consultancy costs (including legal advice, due diligence, accounting and audit) in relation to the acquisition of Moydow announced by the Company on August 25, 2021 (see *Asset Acquisition* further below). No project other than as reported above has reached a stage which would require disclosure and reporting under a separate sub-heading.

(All amounts are expressed in U.S. dollars except where otherwise indicated)

5. SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets forth selected financial information for the eight most recently completed quarters:

All amounts in US$	Mar 31 2022	Dec 31 2021	Sept 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020
Other income gains / (loss) on sale of assets	-	-	-	-	-	199	757	528
(Loss) / net profit	(583,784)	(252,326)	840,929	1,131,138	(2,274,203)	(306,314)	134,503	(685,603)
Basic earnings / (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.00)	(0.00)	(0.01)

6. CAPITAL RESOURCES AND LIQUIDITY

(i) Cash and Working Capital

At March 31, 2022, the Company had a working capital deficit amounting to $571,412 (December 31, 2021: deficit of $64,385) including cash amounting to $164,653 (December 31, 2021: $265,177). The increase in working capital deficit arose as a result of the loss incurred for the reporting period, partly offset by proceeds from the issuance of shares (exercise of options).

Most of the costs incurred during the current quarter remained unpaid at March 31, 2022, causing a $402,840 increase in accounts payable, this together with the $79,749 proceeds from issuance of common shares explain the relatively lower decrease in cash balance.

(ii) Share and loans transactions

The Company had 79,562,329 issued and outstanding common shares as at December 31, 2021 which increased to 80,262,329 as at March 31 2022 following the exercise, by a director, of 700,000 share options (with an exercise price of C$0.145 each) during the quarter ended March 31, 2022. On exercise of the options, a fair value adjustment of $ 75,118 was recognised in the Contributed surplus reserve.

On March 11, 2022, the Company announced the subscription to raise $3,132,500 and insider debt settlement $117,500, both at C$ 0.20 per share in consideration for the issue of an aggregate of 20,637,500 shares. Subscribers include Spirit Resources SARL as to $500,000, Brian Kiernan as to $1,000,000, other current shareholders and directors as to $1,000,000 (cash and debt), and 7 new investors as to $750,000.

On August 25, 2021, the Company announced the signature of definitive agreements for the acquisition of a controlling interest in Moydow which, following closing, and subject to certain approvals, would cause material changes in share capital and ownership structure of the Company (See *Asset Acquisitions* further below).

6. CAPITAL RESOURCES AND LIQUIDITY (CONTINUED)

(iii) Stock options and warrants

The Company operates a fixed, less than 10%, stock option plan and has approval to issue up to a maximum of 6,789,000 stock options. At December 31, 2021, the Company had 5,150,000 stock options granted and outstanding out of which 700,000 have been exercised on February 23, 2022. On exercise of the options, a fair value adjustment of $ 75,118 was recognised in the Contributed surplus reserve. Following the exercise, 4,450,000 stock options were outstanding March 31, 2022.

All stock options held on December 31, 2021 and March 31, 2022 have an exercise price of CAD $0.145 per share and are fully vested. No share-based compensation charge was recorded during the three-months period ended March 31, 2022 (March 31, 2021: $ nil). Trading of DFR shares on the TSX Venture exchange has been halted since August 2021. The new expiry date for 2,362,800 stock options issued on December 12, 2016, initially scheduled to expire five years after the date of issue, if not exercised, is within 10 trading days following the resumption of trading of the DFR stocks on the TSX Venture Exchange (expected late June 2022).

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated financial statements within the next financial year are discussed below:

(i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and other parties by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed under Note 10 of the condensed consolidated financial statements.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Derivative financial instruments

The Company has determined that its functional currency is the U.S dollar and has issued non-broker warrants in a currency other than its functional currency which have been exercised during the year ended December 31, 2021. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value derivative financial instrument transactions are disclosed under Note 11 of the consolidated financial statements.

(iii) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

ADOPTION OF NEW ACCOUNTING STANDARDS & OTHER PROPOSED FUTURE ACCOUNTING CHANGES

New standards, interpretations and amendments that are effective for the current year

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2022 and the Group considers that their application does not have any significant impact on the amounts reported for the current and prior periods, and so, have not been discussed in detail in the notes to the financial statements:

- Amendments to IFRS 3 Business Combinations Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities, Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements 2018–2020

New standards, interpretations and amendments not yet effective

- Amendments to IAS 1 Classification of Liabilities as Current
- Amendments to IAS 1 Disclosure of Accounting policies
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance Contracts

Where relevant, the Group is still evaluating the effect of Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its condensed consolidated financial statements.

8. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS

(i) Capital Management

The Company's objective when managing its capital is to ensure it has sufficient capital to maintain its ongoing mining operations and safeguard its ability to continue as a going concern in order to pursue the continued development of its various mineral properties.

The Company's capital consists of shareholders' equity. The Company's policy is to fund ongoing exploration activities, as well as its administration and corporate activities, from the issuance of shares and debt instruments. The Company may acquire additional funds from capital or debt markets where advantageous circumstances arise. The Company assesses capital and debt markets on a case-by-case basis to minimize the cost of capital in the prevailing markets and maintain an optimal capital structure. The Company plans to raise capital or borrow funds, although there is no certainty that such financing will be available on terms acceptable to the Company. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. No investments in asset backed commercial paper are used. There are no outside restrictions on the Company's capital.

The Company's capital management policies have not changed during the quarter.

(ii) Financial Instrument Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, equity price risk, and commodity price risk.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between currencies with which the Company transacts will affect the Company's operations and financial results. The Company primarily transacts business in Canada, Mauritius, Namibia, Madagascar and South Africa and purchases goods and services denominated in US dollars, Canadian dollars, Namibian dollars, Madagascar Ariary, UK Pounds and South African Rand. As such, the Company has exposure to foreign currency exchange rate fluctuations. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign currency risks.

Interest rate risk

Interest rate risk is the potential that a loss could result from a change in interest rate. During the three-months ended March 31, 2022, and the year ended December 31, 2021, the Company had the following financial instruments which were subject to interest rate risk:

- An unsecured loan of $1,000,000 from Spirit Resources SARL at an interest rate of 8% per annum. The loan was repayable in full on April 29, 2022 or earlier upon receipt of the proceeds of any debt, equity or other financing. Subsequently, the Company entered into an agreement with Spirit whereby the loan would be fully repaid against the exercise of the warrants held by Spirit. On September 10, 2021, the Company announced that Spirit exercised all its share purchase warrants for a total consideration of $ 1,063,264 and settled the loan principal amount and interest.

8. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(ii) Financial Instrument Risks (continued)

Market Risk (Continued)

Equity price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is not exposed to equity price risk as the Company does not hold any equity instruments which are classified in the statement of financial position as financial assets at fair value or which are valued at current bid price.

Commodity price risk

Commodity price risk is the uncertainty associated with the valuation of assets arising from changes in price of commodities. Though the Company is at an early exploration stage, it is exposed to price risk through its Namibian operations where intermittent mining and sale of products take place.

Credit risk

The Company is primarily exposed to credit risk on its cash and the risk of financial loss if counterparty to a financial instrument fails to meet its financial obligation. Credit risk exposure on cash is limited through maintaining cash with high-credit quality financial institutions and instruments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Company's reputation. The Company monitors cash flows to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost.

9. RISK FACTORS

The Company's properties and operations are subject to certain risks including but not limited to government regulations related to mining, mineral prices and currency fluctuations, competition, receipts of permits and approval from government authorities, operating hazards and other risks inherent to mineral exploration, development and mining operations.

(i) Additional Financing Requirements

The Company will require additional financing in order to continue the development of the Company's properties and its exploration activities. There can be no assurance as to the success of future financing activities necessary to meet the Company's obligations and operating requirements. Failure to obtain sufficient financing may result in delay or postponement of activities, or even a loss of property interests.

(ii) Exploration activities will not necessarily result in the discovery of commercially recoverable quantities of targeted minerals (currently diamonds, zinc, copper, gold, nickel and zircon)

Mineral exploration, development and mining activities generally involve a high degree of risk and uncertainty. There is no assurance that continued exploration of the Company's concessions will result in any discovery of commercial quantities of diamonds, zircon or other minerals over and above those previously identified. Even if commercial quantities of diamonds, zircon or other minerals are discovered, economic recovery is dependent upon a number of factors, including the particular attributes of the deposit, such as terrain, size and grade, products prices and government regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of these factors are beyond the control of the Company.

9. RISK FACTORS (CONTINUED)

Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. There is no certainty that the expenditures made by the Company towards the search and evaluation of targeted minerals will result in discoveries of commercial quantities of those minerals.

(iii) Political Risks

The Company strives to minimize political risk by monitoring events in countries where it operates or where it considers operating, and by complying with local laws and regulations. The Company operates and conducts exploration activities in countries which have experienced civil unrest and/or civil warfare in recent years. It attempts to minimize the risks inherent in conducting operations and exploration in frontier areas by monitoring local conditions and avoiding high risk areas.

(iv) Estimates of reserves and resources are inherently uncertain

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being mined or dedicated to future production. Until reserves or resources are mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on diamond, zircon and other prices, operating costs and mining efficiency. Any material change in the quantity of reserves, resources or grade may affect the economic viability of the relevant concessions.

Sea diamond deposits are alluvial deposits located on the ocean floor. These deposits are particularly difficult to sample because of their remote nature, variable terrain and the location of diamonds in irregular gravel beds lying above and within crevices and potholes in the bedrock. As a result, there are no standard sampling tools and resource estimation practices employed for these types of deposits.

(v) Operating History

The Company has a limited history of operations and must be considered an early-stage resource exploration company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

(vi) Offshore diamond mining involves significant risks

The business of offshore diamond mining is subject to a variety of risks such as accidents, extreme marine and weather conditions, natural disasters, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which the Company cannot, or may elect not to insure, may result in damage to or destruction of mining equipment and infrastructure, injuries and loss of life, environmental damage, delayed production, increased production costs and possible legal liability to third parties, any or all of which may have a material adverse effect on the Company's financial position. The mining and processing systems and the vessels to be used in the Namibian marine concessions are to be at sea throughout the mining process, and weather conditions will inevitably have an effect on operations.

9. RISK FACTORS (CONTINUED)

(vii) The Company's Beravina zircon deposit may not deliver a commercially viable product

The Beravina deposit has a NI 43-101 Inferred Mineral Resource estimate. Results from test work showed that zircon can be concentrated between 50% ZrO_2 and 58% ZrO_2 with varying levels of thorium ingrained. Whilst the Company anticipates doing further work, including evaluation of additional processing techniques to improve concentrate grade and remove deleterious elements, as well as market testing of various potential products, there is no certainty that the Company will achieve product grade and quality that can be sold at all or at viable prices.

(viii) Title can be uncertain

The Company has investigated its rights to explore and exploit its concessions, and, to the best of its knowledge, those rights are in good standing, however, no assurance can be given that there are no title defects affecting such properties. In addition, no assurance can be given that applicable governments will not revoke, or significantly alter the conditions of, the applicable exploration and mining authorizations and that such exploration and mining authorizations will not be challenged or impugned by third parties. Mining and prospecting licences may be revoked by the applicable government authorities for failure to perform the obligations thereunder. Licences must be renewed periodically. The renewal process involves a review of the licence holder's performance by government authorities, and no assurance can be given as to the outcome of the review. There is a risk that not all the Company's renewal and concession applications will be successful.

(ix) Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government and other interferences in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

(x) Exchange controls may restrict the Company's ability to repatriate earnings

Namibia is part of the South African Rand Common Monetary Area ("CMA"). Exchange controls in the CMA require that dividends, loans, repayment of loans and payment of all invoices to parties outside the CMA by companies registered in the CMA require prior approval. The controls, as they relate to Namibia, are applied by the Bank of Namibia. The Company held the equivalent of $20,299 (in Namibian Dollars) in Namibia as at the reporting date, which it intends to use to effect payments in Namibia and CMA. Though the Company's subsidiary has received approval from the Bank of Namibia to refund part of the intercompany loan to the Company during the recent past, there can be no assurance that the Company's subsidiary will continue obtaining the requisite approvals in the foreseeable future to repay inter-group loans or pay invoices to parties outside the CMA, including companies within the Company's corporate group not resident in the CMA. Thus, exchange controls may restrict the Company from repatriating funds and using those funds for other purposes.

(xi) Profitability may be affected by fluctuations in the commodity prices

The price of the common shares, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in commodity prices.

Future serious price declines in the market value of certain commodities could cause continued development of the Company's properties to be impracticable.

9. RISK FACTORS (CONTINUED)

(xii) Government regulations in foreign countries may limit the Company's activities and harm its business

The concessions comprising the Company's projects are located in Namibia, Madagascar and the Red Sea Joint Commission area, are subject to the laws and regulations of these respective jurisdictions. Although mining in each jurisdiction has a long history and has not been adversely impacted by unreasonable or arbitrary government action, there can be no assurance that the Company's business, operations and affairs will not be materially adversely affected by changes to, or arbitrary application of, laws and regulations or changes in the political and economic status.

Operations carried out by the Company in respect of its projects will be subject to government legislation, policies and controls relating to prospecting, development, production, importing and exporting of minerals, concession tenure, exchange controls, mining taxes, labour standards and environmental protection. There can be no assurance that such legislation, policies and controls will not have a material adverse effect on the business, operations and affairs of the Company.

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 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.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

(xiii) Competition

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing targeted minerals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

(xiv) Key Executives

The Company is dependent on the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

9. RISK FACTORS (CONTINUED)

(xv) Directors and officers of the Company may have conflicts of interest

Certain of the directors of the Company are directors or officers of, or have shareholdings in, other mining companies. If, and to the extent that, such other companies participate in business ventures in which the Company also participates, those directors may have a conflict of interest. These other mining companies may also compete with the Company for the acquisition of mineral property rights. In the event that any such conflict of interest arises, a director who has such a conflict will disclose the conflict to a meeting of the directors of the Company and will refrain from participating in any Board decisions concerning the matter giving rise to the conflict. In appropriate circumstances, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

(xvi) Resources engaged to acquire new business opportunities may not deliver the desired results

The Company engages identifying and acquiring business opportunities which involve possible acquisition of new mineral rights, options to acquire rights and business combinations (the "Opportunities"). Whilst the Company may invest considerable resources to secure Opportunities, there is no assurance that the Company will succeed in acquiring new viable Opportunities, and if it does, there is no assurance that these will deliver the desired results.

10. OUTSTANDING SHARE DATA

Movement on shares and stock options have been reported under "Capital Resources and Liquidity" section of this MD&A. A total of 79,562,329 common shares were issued and outstanding as at December 31, 2021 and 700,000 stock options have been exercised by a director on February 23, 2022 increasing the total number of shares issued and outstanding as at March 31, 2022 to 80,262,329. On exercise of the options, a fair value adjustment of $ 75,118 was recognised in the contributed surplus reserve through a transfer to share capital.

A total of 5,150,000 stock options were issued and outstanding as at December 31, 2021 and as a result of the above-referred exercise of 700,000 stock options, 4,450,000 options remained outstanding as at March 31, 2022. All the unexercised stock options as at December 31, 2021 and March 31, 2022 have vested and have an exercise price of C$0.145 per share. Trading of DFR stocks on the TSX Venture Exchange has remained halted since announced on August 25, 2021 and will remain halted until closing of the Moydow transaction. Holders of stock options granted on December 12, 2016, with an expiry period of five years, are eligible to exercise the options not later than 10 business days following resumption of trading of DFR stocks on the TSX Venture Exchange. The expiry dates of the remaining unexercised options vary between February 4, 2023 and August 27, 2023. Spirit Resources SARL ("Spirit") acquired 10,666,667 share purchase warrants with exercise price of CAD $0.125 per share in 2016, and exercised all the warrants prior to their expiry in September 2021.

During the year ended December 31, 2021, the Company entered into definitive agreements for certain transactions (including the exercise of the DFR warrants referred to above) which, following closing, would cause material changes in the share capital and ownership structure of the Company (see *Asset Acquisitions*).

On March 11, 2022, the Company announced the subscription to raise $3,132,500 and insider debt set-off $117,500, both at C$ 0.20 per share in consideration for the issue of an aggregate of 20,637,500 shares, (see *Asset Acquisitions*).

(All amounts are expressed in U.S. dollars except where otherwise indicated)

11. RELATED PARTY TRANSACTIONS

Other than warrants and loan transactions with its major shareholder, Spirit Resources SARL, as reported under notes 10, 11 and 12 of the condensed consolidated financial statements, the following compensations provided by the Company constitute related party transactions:

	March 31, 2022	March 31, 2021
	$	$
G&A – Jean Lindberg Charles, CFO and Secretary	**139,125**	38,625
G&A – Sybrand van der Spuy, COO	**145,500**	37,500
G&A – John McGloin, CEO	**87,500**	-
G&A – Fasken Martineau LLP[1]	**8,464**	53,375
	380,589	129,500
Share-based compensation – Directors & Officers	**-**	-

[1]Mr. Albert C Gourley, serves as a director, and chairman of the Board of the Company, and is also the Regional Managing Partner of Fasken Martineau LLP London which provides advisory services to the Company.

Notes:
G&A – denotes general and administration expenses
E&E – denotes exploration and evaluation expenses

12. ASSET ACQUISITIONS

On August 25, 2021, the Company announced it has entered into definitive agreements to acquire a controlling interest in Moydow Holdings Ltd ("Moydow") (the "Transaction") which holds interest in a number of West African gold exploration projects.

The Transaction involves a combined restructuring of Moydow's shareholdings and a securities exchange with the current security holders of Moydow at the ratio of 16.46 DFR common shares for each Moydow common share (the "Exchange Ratio") and 8.93 DFR shares for each Moydow share option, so that DFR shall issue in aggregate 71,880,320 shares to the current security holders of Moydow as consideration for its stake in the Moydow's portfolio.

Following the Transaction, DFR will acquire:

- 80% interest in Moydow, which owns an option (until May 27, 2024) to acquire 100% of the Labola (Wuo Land) licence against further payment of US$ 1 million.

  At closing of the Transaction, DFR will be vested with an 80% effective interest in the project with Panthera Resources Plc ("PAT") holding a 20% carried interest. DFR will maintain its 80% interest on the condition that it invests US$18.0m in the Labola project by September 30, 2026. If DFR were to make no investments in Labola during the specified period, subject to the exercise by PAT of its buy back right (described below), its interest would decrease to no less than 60%. PAT shall have the right to acquire an additional 10% holding in Labola on the earlier of (i) 90 days following DFR completing an investment of $18m in Labola; or (ii) 30 September 2026, by making a payment to DFR of up to $7.2m, to be adjusted down based on DFR's actual investment in the Labola project during the specified period.

12. ASSET ACQUISITIONS (CONTINUED)

Following the Transaction, DFR will acquire: (Continued)

- 40% indirect interest in the Kalaka (Mali) licence which is intended to be operated by PAT which also holds 40% interest and the remaining 20% interest is held by a local company.

- 25.5% (at the date of entering the definitive agreements 10%) indirect interest in 3 Nigeria mining licences owned by 3 different companies, with PAT owning an indirect interest equal to DFR's indirect interest, and the option (against certain payments) to jointly (DFR and PAT 50:50) own 65% of the Nigeria licences.

Founder Investments US$ 2.75 million (of which US$2.4 million at DFR holding level)

In connection with the Transaction, Brian Kiernan and Spirit have executed subscription agreements with DFR and otherwise agreed to invest a combined $2.75 million as part of the Transaction ("Founder Investments") as follows:

(a) Spirit Resources SARL

Spirit Resources SARL (Spirit) will invest US$ 1,500,000 into DFR through the exercise of 10,666,667 existing warrants having an exercise price of Canadian 12.5 cents (C$ 1,333,334 or approximately US$ 1,063,264) and subscribe for 2,012,607 DFR common shares at a price of US$ 0.217 per share for US$ 436,736.

The proceeds will be used to settle the existing US$ 1 million loan facility from Spirit and interest arising thereon amounting to US$ 15,123. Upon closing, considering the New Financing (see below), Spirit will own 39.7% of DFR issued and outstanding common shares.

Pursuant to the agreements, on September 10, 2021, the Company announced that Spirit has fully exercised its share purchase warrants at CAD $0.125 per warrant and thereby acquired 10,666,667 common shares in the Company, the proceeds have been used to settle the Spirit loan and interest thereon, and a balance of US$ 48,141 remitted to the Company.

(b) Brian Kiernan

Brian Kiernan has agreed to exercise US$ 350,000 of his options in Moydow (the "Moydow Options") which will be exchanged for common shares of DFR at the Exchange Ratio on closing and to make a further investment of US$ 900,000 into DFR by way of a subscription for 4,147,465 common shares of DFR at a price per common share of US$ 0.217 conditional on the closing of the Transaction. The exercise of the Moydow Options and the subscription, together with a recent exercise of US$ 250,000 Moydow Options by Brian Kiernan, will result in an aggregate capital subscription of US$ 1.5m. Upon closing, considering the New Financing (see below), Brian Kiernan will own 37.1% of DFR's issued and outstanding common shares. As such, Brian Kiernan will be considered a *Control Person* under the TSXV rules. During the last quarter of 2021, Brian Kiernan has exercised the 350,000 Moydow Options, earlier than scheduled.

12. ASSET ACQUISITIONS (CONTINUED)

New Financing and insider debt settlement of USD 3,250,000

On March 11, 2022, the Company announced a new financing consisting of a private placement to raise US$ 3,250,000 in equity at a price of C$ 0.20, out of which US$ 3,132,500 shall be settled in cash and the difference of US$ 117,500 through the net-off of accruals arising on provision of services in consideration for 20,637,500 shares (the "New Financing"), subject to certain approvals to be voted during a special meeting of shareholders. As part of the New Financing, DFR has entered into subscription agreements with several parties including:

- Spirit Resources SARL for US$ 500,000 for 3,175,000 shares;
- Brian Kiernan for US$ 1,000,000 for 6,350,000 shares; and
- 15 investors (including insiders and settlement of accruals) with participation between US$ 25,000 and US$ 550,000 for an aggregate of US$ 1,750,000 for 11,112,500 shares.

Maiden Mineral Resource and subsequent amendment – Labola Project

On October 25, 2021, the Company announced a maiden Mineral Resource prepared in accordance with National Instrument 43-101 for Moydow's Labola project. The report entitled "Diamond Fields Resources Inc. Labola Project 2021-10" dated December 3, 2021 with an effective date of October 25, 2021 (the "Resource Statement") was prepared by Ivor Jones, an independent qualified person under NI 43 101, for Aurum Consulting. The Labola Report is available for review on SEDAR (www.sedar.com) and the Company's website (www.diamondfields.com). An amended Resource Statement was announced by the Company on April 21, 2022 to address certain issues raised by the TSX Venture Exchange, including clarifying that no exploration was done by the Company and that the QPs are independent from the Company, Moydow Holdings Ltd. and Panthera Resources Plc.

Assuming completion of the Transaction, the Founder Investments and exercise of all Moydow warrants, the current shareholders of DFR will own 56.4% and the Moydow shareholders will own 43.6% of the DFR issued and outstanding common shares.

Management and Board

John McGloin has been appointed as a Director, President and Chief Executive Officer, effective January 1, 2022. Following completion of the Transaction, Brian Kiernan will be appointed as a Non-Executive Director and Chairman of the Board, and Len Comerford and Carlo Baravalle will be appointed as Non-Executive Directors. Sybrand Van Der Spuy will continue as a Director and Chief Operating Officer, John McGloin will continue as a Director, President and Chief Executive Officer, and Al Gourley, David Reading and Bertrand Boulle will continue serving as Non-Executive Directors of the Company. Jean Lindberg Charles will continue to serve as the Chief Financial Officer.

Closing and Halt Trading

It is anticipated that the Transaction will close towards late June 2022 following approval from the TSX Venture exchange and a shareholder meeting set for June 9, 2022. As a result of the ongoing process pertaining to the Transaction, trading of DFR shares on the stock exchange will remain halted until further notice.

13. EVENTS AFTER THE REPORTING PERIOD

There has been no material event since the end of the reporting period which would require disclosure or adjustment to the condensed consolidated interim financial statements for the three-months period ended March 31, 2022.