DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Consolidated financial statements
For the year ended December 31, 2022

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
DFR Gold Inc. (Formerly Diamond Fields Resources Inc.)

Opinion

We have audited the accompanying consolidated financial statements of DFR Gold Inc. (Formerly Diamond Fields Resources Inc.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of profit or loss and other comprehensive income (loss), changes in equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Asset Acquisition

As described in Note 22 to the consolidated financial statements, the Company acquired an 80% interest in Moydow Holdings Ltd. ("Moydow") during the current year. The acquisition has been accounted for as an asset acquisition.

The principal considerations for our determination that the purchase of major business assets is a key audit matter is that there was significant judgments made by management in assessing the fair values of the assets and liabilities acquired. Significant judgement was also required in determining whether the acquisition of Moydow should be treated as an asset or business acquisition. These factors in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Reviewing the related agreements to gain an understanding of the key terms and conditions of the acquisition;
- Reviewing management's assessment of whether the transaction constituted an acquisition of assets;
- Agreeing the consideration to supporting documentation;
- Evaluating management's determination of the fair value of net assets acquired, including fair value of consideration provided.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

April 28, 2023

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Consolidated statements of financial position
At December 31, 2022
(All amounts are expressed in United States dollars)

	Notes	December 31, 2022	December 31, 2021
		$	**$**
ASSETS			
Current assets			
Cash and cash equivalents	**9**	**1,346,259**	265,177
Other receivables	**10**	**365,084**	53,512
		1,711,343	318,689
Non-current assets			
Property, plant, and equipment	**7**	**36,448**	-
		36,448	-
Total assets		**1,747,791**	318,689
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**271,807**	383,074
Borrowings	**12**	**5,797**	-
Deferred consideration payable	**13**	**110,000**	-
		387,604	383,074
EQUITY AND RESERVES			
Share capital	**14**	**72,504,412**	56,848,151
Contributed surplus	**14**	**4,115,630**	4,175,556
Accumulated deficit		**(77,715,606)**	(61,098,338)
Foreign currency translation reserve		**(3,732)**	10,246
Deficit		**(1,099,296)**	(64,385)
Non-controlling interest	**15**	**2,459,483**	-
Total equity (deficiency)		**1,360,187**	(64,385)
Total equity and liabilities		**1,747,791**	318,689

Events after the reporting period (Note 26)

"John McGloin"
Director

"Bertrand Boulle"
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 9 to 46.

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Consolidated statements of profit or loss and other comprehensive income (loss)
For the year ended December 31, 2022
(All amounts are expressed in United States dollars)

	Notes	December 31, 2022	December 31, 2021*
		$	$
CONTINUING OPERATIONS			
Operating expenses			
Share-based compensation	14(iii)	(284,038)	-
Exploration and evaluation:			
- Exploration and evaluation expenses	17	(587,518)	(475,248)
- Acquisition costs	22	(14,562,694)	-
General and administrative expenses	18	(1,434,682)	(526,997)
		(16,868,932)	(1,002,245)
Gain on disposal of subsidiaries	11(iii)	142,389	-
Fair value movement on derivative instruments	16	-	14,392
Change in fair value of warrants prior to exercise	16	-	510,522
Interest income		9,822	-
Interest expense	12	-	(15,123)
Share of loss of associate	8	(500)	-
Foreign exchange gain (loss)		24,141	(6,385)
		175,852	503,406
Net loss for the year from continuing operations		(16,693,080)	(498,839)
DISCONTINUED OPERATIONS			
Loss from discontinued operations	11(i)	(45,666)	(55,623)
Net loss for the year		(16,738,746)	(554,462)
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(18,597)	458
Total comprehensive loss for the year		(16,757,343)	(554,004)
Loss attributable to:			
- Equity shareholders - Continuing operations		(16,571,602)	(498,839)
- Equity shareholders – Discontinued operations		(45,666)	(55,623)
- Non-controlling interest		(121,478)	-
		(16,738,746)	(554,462)
Total comprehensive loss attributable to:			
- Equity shareholders - Continuing operations		(16,585,580)	(498,381)
- Equity shareholders – Discontinued operations		(45,666)	(55,623)
- Non-controlling interest		(126,097)	-
		(16,757,343)	(554,004)

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Consolidated statements of profit or loss and other comprehensive income (loss)
For the year ended December 31, 2022
(All amounts are expressed in United States dollars)

	Notes	**December 31, 2022**	December 31, 2021*
		$	$
Loss per share from continuing operations:			
- Basic and diluted		**(0.13)**	(0.01)
Loss per share from discontinuing operations:			
- Basic and diluted		**(0.00)**	(0.00)
Total loss per share:			
- Basic and diluted		**(0.13)**	(0.01)
Weighted average number of common shares outstanding:			
- Basic and diluted		**131,303,835**	72,197,945

** Re-presented to reflect the change in presentation of discontinued operations as set out in Notes 3 and 11.*

The above consolidated statement of profit or loss and other comprehensive income (loss) should be read in conjunction with the accompanying notes on pages 9 to 46.

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Consolidated statements of changes in equity (deficiency)
For the year ended December 31, 2022
(All amounts are expressed in United States dollars)

	Number of shares	Share capital	Contributed surplus	Accumulated deficit	Foreign currency translation reserve	Non-controlling interest	Total
		$	$	$	$	$	$
Balance at December 31, 2020	68,895,662	55,784,887	4,175,556	(60,543,876)	9,788	-	(573,645)
Issuance of shares on exercise of warrants	10,666,667	1,063,264	-	-	-	-	1,063,264
Loss for the year	-	-	-	(554,462)	-	-	(554,462)
Other comprehensive income - Translation adjustment	-	-	-	-	458	-	458
Balance at December 31, 2021	79,562,329	56,848,151	4,175,556	(61,098,338)	10,246	-	(64,385)
Balance at January 1, 2021	79,562,329	56,848,151	4,175,556	(61,098,338)	10,246	-	(64,385)
Issuance of shares on exercise of							
Stock Options	3,430,631	382,739	-	-	-	-	382,739
Financing	20,081,875	3,162,500	-	-	-	-	3,162,500
Past services	555,625	87,500	-	-	-	-	87,500
Founders Investments	6,160,072	1,336,736	-	-	-	-	1,336,736
Consideration for the acquisition of Moydow Holdings Limited	71,880,320	10,342,822	-	-	-	2,585,580	12,928,402
Fair value adjustment on exercise of Stock Options	-	343,964	(343,964)	-	-	-	-
Loss for the year	-	-	-	(16,617,268)	-	(121,478)	(16,738,746)
Other comprehensive income - Translation adjustment	-	-	-	-	(13,978)	(4,619)	(18,597)
Stock Options granted	-	-	284,038	-	-	-	284,038
Balance at December 31, 2022	**181,670,852**	**72,504,412**	**4,115,630**	**(77,715,606)**	**(3,732)**	**2,459,483**	**1,360,187**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 9 to 46.

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Consolidated statements of cash flows
For the year ended December 31, 2022
(All amounts are expressed in United States dollars)

	Notes	December 31, 2022	December 31, 2021
		$	$
Cash flows from operating activities			
Net loss for the year from continuing operations		**(16,693,080)**	(498,839)
Adjustments for non-cash items:			
Gain on disposal of subsidiaries	11(iii)	**(142,389)**	-
Share-based compensation		**284,038**	-
Reclassification of exploration and evaluation assets	22	**14,562,694**	-
Foreign exchange (gains)/loss		**(23,095)**	6,609
Interest (income)/expense		**(9,822)**	15,123
Depreciation charge		**7,005**	-
Share of loss of associate	8	**500**	-
Fair value movement on derivative instruments	16	**-**	(14,392)
Change in fair value of warrants prior to exercise	16	**-**	(510,522)
Changes in working capital:			
Increase in other receivables		**(31,022)**	(29,666)
(Decrease)/increase in accounts payable and accrued liabilities		**(1,961,610)**	69,409
Net cash used in continuing operations		**(4,006,781)**	(962,278)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	22	**96,742**	-
Disposal of subsidiaries, net of cash disposed	11(iv)	**148,845**	-
Acquisition of property, plant, and equipment	7	**(3,855)**	-
Interest received/(paid)		**9,822**	-
Net cash generated from investing activities		**251,554**	-
Cash flows from financing activities			
Proceeds from issue of shares (net)		**4,881,975**	-
Proceeds from exercise of warrants		**-**	48,141
Proceeds from loans	12	**-**	1,000,000
Net cash generated from financing activities		**4,881,975**	1,048,141
Net cash flows from discontinued operations		**(45,666)**	(55,623)
Net increase in cash and cash equivalents		**1,081,082**	30,240
Cash and cash equivalents at beginning of the year		**265,177**	234,937
Cash and cash equivalents at end of the year	9	**1,346,259**	265,177

Supplemental cash flow information (Note 9)

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 9 to 46.

1. CORPORATE INFORMATION

DFR Gold Inc.'s ("DFR" or the "Company") *(formerly known as Diamond Fields Resources Inc.)* business activity is the exploration and evaluation of mineral properties in West Africa, Madagascar, Namibia and worldwide. The Company was incorporated under the Canada Business Corporations Act on May 28, 2000 and has continued as a company under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol DFR, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

On August 25, 2021, DFR announced that it has executed definitive agreements to enter into certain transactions (the ''Transaction'') as disclosed under Note 22. Trading of DFR shares on the stock exchange was halted at the request of the Company to ensure a fair and orderly market. The Transaction received shareholder approval on June 9, 2022 and all closing conditions have been satisfied. On July 11, 2022, the Company received final approval from the TSX Venture Exchange ("TSX-V") for the Transaction. The Company's common shares resumed trading on the TSX-V on July 13, 2022.

The Transaction has a material impact on the Company's business as summarized below:

- DFR has acquired an 80% interest in the Cascades gold project in Burkina Faso and significant interests in other gold projects in West Africa;
- DFR issued an aggregate of 88,707,059 new common shares ("Shares") of which 10,666,667 shares have been issued to Spirit Resources SARL ("Spirit") following the exercise of 10,666,667 share purchase warrants during year 2021;
- Equity funding in DFR and Moydow Holdings Limited (''Moydow'') totalling $2,750,000 has been used to eliminate existing debt in DFR ($1,000,000 loan from Spirit eliminated upon the exercise of Spirit's warrants in 2021), fund exploration and for working capital purposes. Under this item, 6,160,072 shares at $0.217 per share for cash proceeds of $1,336,736 per share were issued to Brian Kiernan and Spirit on completion of the transaction; and
- New equity financing, for cash of $3,162,500 and in settlement for past services of $87,500 announced on March 11, 2022, through the issuance of 20,637,500 common shares at C$0.20 per share on closing of the transaction.

The issued and outstanding number of shares at the end of the reporting period were 181,670,852 common shares.

The address of the Company's corporate office and principal place of business is Suite 2900, 550 Burrard Street, Vancouver, British Columbia V6C 0A3, Canada.

2. NATURE AND CONTINUANCE OF OPERATIONS

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

At December 31, 2022, the Group had an accumulated deficit of $ 77,715,606 (December 31, 2021: $61,098,338) and incurred a net loss of $ 16,738,746 during the year ended December 31, 2022 (December 31, 2021: net loss of $ 554,462).

2. NATURE AND CONTINUANCE OF OPERATIONS (CONTINUED)

To date, the Company has financed its activities through the issuance of equity securities and debt financing, primarily from significant shareholders of the Company. The Company expects to use similar financing techniques in the future and is pursuing such additional sources of financing as estimated to be required to sufficiently support its operations until such time that its operations become self-sustaining.

The Company has made necessary financing arrangements to ensure that the Company continues as a going concern. Management believes that the funding will be sufficient to carry out operations over the next 12 months.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements of DFR for the year ended December 31, 2022 have been prepared in accordance with International Financial Reporting Standards (''IFRS'') and interpretations issued by the IFRS Interpretations Committee (''IFRIC'') applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (''IASB'').

Certain comparative amounts in the consolidated statement of profit or loss and other comprehensive income (loss) have been reclassified or re-presented, to achieve a more appropriate presentation as required by *IFRS 5 'Non-current assets held for sale and discontinued operations'*. The Company has completed the sale of its Namibian diamond assets, namely Diamond Fields (Namibia) (Pty) Ltd ("DFN") and Namibian Diamond Company (Pty) Ltd., to Jean Boulle Diamond Mines Ltd. ("JBDM") pursuant to a diamond business sale agreement dated November 28, 2022. The results of the Namibian subsidiaries have been presented within 'post-tax loss from discontinued operations' in the consolidated statement of profit or loss and other comprehensive income (loss) with the prior period comparatives re-presented accordingly.

The consolidated financial statements were authorized for issue by the Board of directors on April 28, 2023.

4. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except that:

(i) financial instruments classified as fair value through profit or loss have been measured at fair value;
(ii) derivatives have been measured at fair value; and
(iii) other relevant financial assets and financial liabilities have been stated at amortised cost.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements are presented in United States dollars ("\$"). The parent company's functional currency is the \$ while the functional currency of the subsidiaries is the same as the respective local currencies of the countries in which they are based.

4. BASIS OF MEASUREMENT (CONTINUED)

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's significant accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

(a) Property, plant and equipment

Property, plant and equipment, except for freehold land and buildings and site improvements, are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any.

The annual rates of depreciation are as follows:

Items	**Rates**
Fixtures and fittings	15%
Exploration equipment	15%

The gain or loss arising on the disposal or retirement of an item (or part of an item) of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the item (or part of the item, as applicable) and is recognised in profit or loss.

(b) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on a first-in, first-out basis.

(c) Basis of consolidation

<u>Subsidiaries</u>

Subsidiaries are entities controlled by DFR (the "Parent"). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Parent.

<u>Transactions eliminated on consolidation</u>

Inter-company balances, transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

The consolidated financial statements include the accounts of the Parent and its subsidiaries, as shown below:

(All amounts are expressed in United States dollars)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

Name	Country of Incorporation	Class of Shares	Ownership Interest
Kimberley Overseas	Cayman Islands	Common	100%
Action Mining Ltd.	Mauritius	Common	100%
Compagnie Générale des Mines de Madagascar	Madagascar	Common	100%
Moydow Holdings Limited[1]	British Virgin Islands	Common	80%
Moydow BF Ltd.[1]	British Virgin Islands	Common	80%
Moydow Burkina Faso SARL[1]	Burkina Faso	Common	80%
Moydow Services Ltd.[1]	United Kingdom	Common	80%

[1]On June 28, 2022, DFR gained control over the following subsidiaries: Moydow Holdings Limited, Moydow BF Ltd., Moydow Burkina Faso SARL, and Moydow Services Ltd. The financial statements of these subsidiaries have been included in the consolidated financial statements from that date.

The subsidiaries listed in the table below were dormant and have been deregistered. As a result, DFR has deconsolidated these subsidiaries. Upon deconsolidation, DFR no longer presents the subsidiaries' assets, liabilities, and results of operations in its consolidated financial statements.

Name	Country of Incorporation	Class of Shares	Ownership Interest
Diamond Fields Operations (Namibia) Ltd	Namibia	Common	100%
Diamond Fields (South Africa) (Pty) Ltd	South Africa	Common	100%

On November 28, 2022, the subsidiaries listed in the table below were disposed. As a result, DFR has deconsolidated these subsidiaries.

Name	Country of Incorporation	Class of Shares	Ownership Interest
Diamond Fields (Namibia) (Pty) Ltd.	Namibia	Common	100%
Namibian Diamond Company (Pty) Ltd.	Namibia	Common	100%

(d) Investments in associates

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments in associates (continued)

Subsequent to initial recognition, the economic interest financial statements include the Group's share of the profit or loss and other comprehensive income (''OCI'') of the equity-accounted investee, until the date on which significant influence or joint control ceases. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the gain or loss previously recognised in other comprehensive income is reclassified to profit or loss relative to that reduction in ownership interest.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate. Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(e) Discontinued operations and disposal group held for sale

Discontinued operations and disposal group held for sale is a component of the Group's business, the operations and cashflows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operation; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal, abandonment or when the operations meet the criteria to be classified as held for sale. This condition is regarded as satisfied only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year of the date of classification. Property, plant and equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

Disposal groups classified as held for sale are measured at the lower of the carrying value and the fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than continued use. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

When the Group ceases to have control of an undertaking (disposal group), it is at this point that the Group ceases to consolidate the operations and any gain or loss on disposal is recognised in the consolidated statement of profit or loss and other comprehensive income (loss). In addition, any movements previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currencies

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the exchange rate in effect at the statement of financial position date and non-monetary assets and liabilities at the exchange rates in effect at the time of the transactions. Revenues and expenses denominated in foreign currencies are translated at rates approximating the exchange rates in effect at the time of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss and other comprehensive income (loss).

Subsidiaries

The results and financial position of all the subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the functional currency of the parent are translated into United States dollars as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at exchange rates approximating the exchange rates in effect at the time of the transactions; and

(iii) all resulting exchange differences are recognized within other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of profit or loss and other comprehensive income (loss) as part of the gain or loss on sale.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(h) Financial instruments

Financial Assets

The Company will classify financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial assets and the financial assets' contractual cash flow characteristics. The three categories are defined as follows:

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

Financial Assets (Continued)

(i) Amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

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

(ii) Fair value through other comprehensive income

Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(iii) Fair value through profit or loss

Any financial assets that are not held in one of the two business models mentioned above are measured at fair value through profit or loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets. The Company's financial assets comprised other receivables and cash and cash equivalents which are all measured at amortized cost.

Impairment of Financial Assets

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Financial Liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company has the following financial liabilities: accounts payable, accrued liabilities, loans payable, deferred consideration and derivative liabilities. Accounts payable, accrued liabilities, loans payable and deferred consideration are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

Derivative Financial Instruments

The Company may issue share purchase warrants and conversion options on convertible debentures or as part of units that have an exercise price denominated in a currency that is different to the functional currency of the Company, thus causing them to be classified as derivative liabilities. These instruments are measured at fair value through profit or loss through the application of an appropriate valuation model.

(i) Mineral properties

The Company's properties are all currently in the Exploration and Evaluation ("E&E") stage. Acquisition and E&E expenditures incurred prior to the date of a positive economic analysis on the property are expensed as incurred. Direct costs incurred for the development of mineral properties, net of cost recoveries, are capitalized once the technical feasibility and commercial viability of extracting the mineral resource has been determined. On the commencement of commercial production, the net capitalized costs are charged to operations on a unit-of-production basis, by property, using the estimated proven and probable reserves as the depletion base.

Impairment of Non-Financial Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Share-based compensation

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of profit or loss and other comprehensive income (loss) over the vesting period described as the period during which all the vesting conditions are to be satisfied. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these market performance vesting conditions are satisfied.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Share-based compensation (continued)

The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of profit or loss and other comprehensive income (loss) over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of profit or loss and other comprehensive income (loss), unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Equity-settled share-based compensation are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(k) Income taxes

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net profit (loss) for the year attributable to the ordinary equity holders of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings (loss) per common share is computed by dividing the net profit (loss) for the year attributable to the ordinary equity holders of the Company by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(m) Provisions

Rehabilitation Provisions

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities may include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur. The Company does not have any rehabilitation provisions for the years presented.

(n) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s common shares and stock options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Application of new and revised International Financial Reporting Standards (IFRSs)

In the current period, the Group has applied all new and revised Standards and Interpretations issued by the International Accounting Standards Board (''IASB'') and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2022.

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 January 1, 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:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020 Cycle
  - IFRS 1 First-time Adoption of International Financial Reporting Standards
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
  - IAS 41 Agriculture

New standards, interpretations and amendments not yet effective

- IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17) - Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - 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

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 consolidated financial statements.

6. 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.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 consolidated financial statements within the next financial year are discussed below:

(i) Share-based compensation 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 in Note 14.

(ii) Derivative financial instruments

The Company has determined that its functional currency is the United States dollar and had issued non-broker warrants in a currency other than its functional currency. 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 the fair value of the derivative financial instruments transactions are disclosed in Note 16.

(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.

(iv) Assets and business acquisitions

Management judgement is particularly required in the assessment of whether or not net assets acquired constitute a business combination or asset acquisition. Asset acquisitions are acquisitions of legal entities that do not qualify as business combinations under IFRS 3. In making this assessment, management considers the underlying economic substance of the items concerned in addition to the contractual terms. Management also applies as it considers appropriate the optional 'concentration test' as set out in the amendments to IFRS 3 'Business Combinations' published in October 2018 to aid the assessment of whether a transaction represents a business combination or is simply in substance the purchase of a single asset or group of similar assets.

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(All amounts are expressed in United States dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings	Exploration equipment	Total
	$	$	$
Cost			
At January 1, 2022	-	-	-
Additions through asset acquisition (Note 22)	**11,315**	**28,283**	**39,598**
Additions	**3,855**	-	**3,855**
At December 31, 2022	**15,170**	**28,283**	**43,453**
Depreciation			
At January 1, 2022	-	-	-
Charge for the year	**3,420**	**3,585**	**7,005**
At December 31, 2022	**3,420**	**3,585**	**7,005**
Net book value at December 31, 2022	**11,750**	**24,698**	**36,448**
Net book value at December 31, 2021	-	-	-

(a) Depreciation charge amounting to $ 7,005 has been charged in *'General and administrative expenses'*.

8. INVESTMENTS IN ASSOCIATE

	December 31, 2022	December 31, 2021
	$	$
At cost		
At January 01,	**-**	-
Additions during the year	**500**	-
Share of loss from associate	**(500)**	-
At December 31,	**-**	-

(All amounts are expressed in United States dollars)

8. INVESTMENTS IN ASSOCIATE (CONTINUED)

(a) The investment in the associate is accounted for using the equity method. In accordance with International Accounting Standard 28 '*Investments in Associates and Joint Ventures*', the Group recognises its share of the loss of the associate from the date of acquisition. At the end of the reporting period, the Company recognised a share of loss of the associate amounting to USD 500. The Company does not incur legal or constructive obligation to make payments on behalf of the associate.

(b) Details of the Company's associates are as follows:

Name of company	Class of shares held	Year end	Stated capital	Cost of Investment	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Effective holding	Country of incorporation and operation	Main business
			$	$	%	%	%		
Maniger Limited	Ordinary shares	December 31	1,002	500	50%	-	50%	British Virgin Islands	Investment holding
Gurara Holdings Limited	Ordinary shares	December 31	10,000	-	-	51%	25.50%	British Virgin Islands	Investment holding (mining sector)
Dagma Mining Limited	Ordinary shares	December 31	25,737	-	-	99.99%	25.47%	Republic of Nigeria	Mining
Dext Mining Limited	Ordinary shares	December 31	25,737	-	-	99.99%	25.47%	Republic of Nigeria	Mining
Paimasa Mining Limited	Ordinary shares	June 30,	25,737	-	-	99.99%	25.47%	Republic of Nigeria	Mining
Panthera Mali Resources SARL	Ordinary shares	December 31	523,669	-	-	100%	50%	Mali	Exploration

(c) Summarised financial information in respect of the material associate is set out below:

Name of company	Current assets	Non current assets	Current liabilities	Non-current liabilities	Revenue	Loss from continuing operations	Other comprehensive income for the year	Total comprehensive loss for the year	Dividends received during the year
	$	$	$	$	$	$	$	$	$
Maniger Limited	107,766	405	124,070	-	-	(1,084,784)	2,035	(1,082,749)	-

(All amounts are expressed in United States dollars)

8. INVESTMENTS IN ASSOCIATE (CONTINUED)

(d) Reconciliation of the above summarised financial information to the carrying amount recognised in the consolidated financial statements for the year ended December 31, 2022:

Name of company	Opening net assets	Net assets on acquisition	Loss from continuing operations	Other comprehensive income for the year	Closing net assets	Ownership interest	Interest in associate	Carrying value
	$	$	$	$	$	$	$	$
Maniger Limited	-	1,023,038	-	-	1,023,038	-	-	-

9. CASH AND CASH EQUIVALENTS

(a) ***Analysis of cash and cash equivalents***

	December 31, 2022	December 31, 2021
	$	$
Bank balance	**1,346,259**	265,177
	1,346,259	265,177

(b) ***Reconciliation of liabilities arising from financing activities***

At December 31, 2022			**Non-cash changes**		
	January 1, 2022	**Cash flows**	**Acquisition**	**Foreign exchange movement**	**December 31, 2022**
	$	**$**	**$**	**$**	**$**
Liabilities arising from financing activities	-	-	-	-	-
Cash & cash equivalents	265,177	984,340	96,742	-	1,346,259
Net (debt)/cash	265,177	984,340	96,742	-	1,346,259

(All amounts are expressed in United States dollars)

9. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) ***Reconciliation of liabilities arising from financing activities (continued)***

At December 31, 2021			Non-cash changes		
	January 1, 2021	Cash flows	Acquisition	Foreign exchange movement	December 31, 2021
	$	$	$	$	$
Liabilities arising from financing activities	-	-	-	-	-
Cash & cash equivalents	234,937	30,240	-	-	265,177
Net (debt)/cash	234,937	30,240	-	-	265,177

(c) ***Non-cash transactions***

There were not any significant non-cash transactions during the years ended December 31, 2022 and 2021, except the following:

(i) The issue of 555,625 shares for non-cash consideration of $ 87,500 with respect to past services. Please refer to Note 14(ii) for further details.

(ii) The Company has issued in aggregate 71,880,320 shares with a value of $ 10,342,822 as consideration for the acquisition of Moydow. Please refer to Note 22 for further details.

(iii) During the year ended December 31, 2021, Spirit Resources SARL exercised all its share purchase warrants for a total consideration of $ 1,063,264. Spirit Resources SARL retained $ 1,015,123 (representing principal amount of $ 1,000,000 and interest element of $ 15,123 due from the Company) and paid the balance of $ 48,141 to the Company.

10. OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
	$	$
Amount due from related companies	**9,785**	-
Prepayments, value added tax and deposit	**355,299**	53,512
At December 31,	**365,084**	53,512

(All amounts are expressed in United States dollars)

11. DISCONTINUED OPERATIONS

The Company has completed the disposal of its Namibian diamond assets (the "Namibian Concessions") to Jean Boulle Diamond Mines Ltd. ("JBDM") pursuant to a diamond business sale agreement dated November 28, 2022. JBDM is an entity controlled by Mr. Jean-Raymond Boulle. The Namibian Concessions consist of a 100% interest in Diamond Fields (Namibia) (Pty) Ltd. ("DFN") which owns mineral licences ML111 and ML139 and 70% of Namibian Diamond Company (Pty) Ltd. which owns mineral licence ML32 (the "Namibian Assets").

In consideration for the Namibian Assets, JBDM will pay the Company: an initial payment of $150,000 (the "Initial Payment"); annual payments of $100,000 (as to $90,000 for ML111, $5,000 for each of ML32 and ML139) (the "Annual Payments") proportionately, as from September 1, 2023 until the earlier of either JBDM returns the licence to the Company or September 1, 2035; and, a 1% net sales royalty. As part of the agreements with JBDM, the Company will assign a loan of $8,128,306 receivable by the Company from DFN, which based on the current financial condition of DFN is fully impaired.

The disposal of Diamond Fields (Namibia) (Pty) Ltd and Namibian Diamond Company (Pty) Ltd met the recognition criteria under *IFRS 5 'Non-current assets held-for-sale and discontinued operations'*. Consequently, the results of the Namibian subsidiaries are presented as discontinued and are shown separately from continuing operations.

The comparative 2021 financial information in the consolidated statement of profit or loss and other comprehensive income (loss) has also been presented as discontinued for the purposes of enabling meaningful comparison.

DFR's Namibian subsidiaries have been presented as a discontinued reporting segment (Note 20).

(i) Results of discontinued operations

	December 31, 2022	December 31, 2021
	$	$
Exploration and evaluation expenses	**34,900**	35,092
General and administrative expenses	**10,801**	20,531
Interest income	**(35)**	-
Post-tax loss from discontinued operation	**45,666**	55,623

The loss from discontinued operations for the year ended December 31, 2022 of $45,666 (December 31, 2021: $55,623).

(ii) Cash inflows/(outflows) from discontinued operations

	December 31, 2022	December 31, 2021
	$	$
Cash outflow from operating activities	**(45,666)**	(55,623)
Cash inflow from investing activities	**-**	-
Cash inflow from financing activities	**45,666**	55,623
Net cash inflow/(outflow) for the year	**-**	-

(All amounts are expressed in United States dollars)

11. DISCONTINUED OPERATIONS (CONTINUED)

(iii) Effect of disposal on the financial statements

	December 31, 2022
	$
Other receivables	14,075
Cash and cash equivalents	1,155
Accounts payable and accrued liabilities	(7,619)
Net assets and liabilities disposed of	7,611
Disposal consideration	
Total consideration	150,000
Transaction and separation related costs	-
Total net consideration	150,000
Translation reserve reclassified to statement of profit or loss	-
Gain on disposal	142,389

(iv) Reconciliation of consideration to cash received

Total consideration	150,000
Transaction and separation related costs	-
Gross consideration	150,000
Cash and cash equivalents disposed of	(1,155)
Net cash inflow arising on disposal	148,845

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(All amounts are expressed in United States dollars)

12. BORROWINGS

	December 31, 2022	December 31, 2021
	$	$
At January 1,	**-**	-
Loans received	**-**	1,000,000
Interest accrued	**-**	15,123
Repayments by way of:		
- exercise of share purchase warrants	**-**	(1,015,123)
Additions through asset acquisition (See note (i) below and Note 22)	**5,797**	-
At December 31,	**5,797**	-

(i) The amount is due to Mr Brian Kiernan and is interest free, unsecured and repayable within 12 months.

(ii) A summary of loans and their maturity profiles at December 31, 2022 and December 31, 2021 are as follows:

Loan received from	**Principal amount**	**Balance at year/period end**	**Interest rate over duration**	**Issuance date**	**Maturity date**
	$	$	%		
At December 31, 2022					
Brian Kiernan	5,797	5,797	nil	June 29,2022	June 28, 2023
Spirit Resources SARL	1,000,000	-	8%	April 30, 2021	April 29, 2022

Notes:

On April 30, 2021, the Company entered into an agreement with its major shareholder, Spirit Resources SARL ("Spirit") pursuant to which Spirit made available an unsecured term loan of $1,000,000 (the "Loan") to the Company at an interest rate of 8% per annum. The Loan was to be used for general corporate purposes and would be repayable in full on April 29, 2022 or earlier upon receipt of the proceeds of any debt, equity or other financing.

The Company had drawn down the whole amount of $ 1,000,000 available under the Agreement on June 2, 2021. Subsequently, the Company entered into an agreement with Spirit Resources SARL whereby the loan would be fully repaid against the exercise of the share purchase warrants held by Spirit Resources SARL (see Note 14). On September 10, 2021, Spirit Resources SARL exercised all its share purchase warrants for a total consideration of $ 1,063,264. In line with the above second Agreement, Spirit Resources SARL retained the loan principal amount ($ 1,000,000) and interest element ($ 15,123) and paid the balance of $ 48,141 to the Company.

(All amounts are expressed in United States dollars)

13. DEFERRED CONSIDERATION PAYABLE

	December 31, 2022	December 31, 2021
	$	$
At January 1,	**-**	-
Addition during the year	**110,000**	-
At December 31,	**110,000**	-

As consideration for the acquisition of Panthera Mali Resources SARL in 2021, Moydow agreed to:

- issue 500,000 common shares at a price of USD 1 each to Panthera Resources Plc; and
- pay USD 110,000 payment as additional consideration.

Whilst the shares were already issued, the remaining payment of USD 110,000 pertaining to the Kalaka interest remains payable at the date of this report.

14. SHARE CAPITAL

(i) Authorized share capital

The authorized capital stock of the Company comprises an unlimited number of common shares without par value.

(ii) Issued and outstanding share capital

	Number of shares	**$**
At January 1, 2021	68,895,662	**55,784,887**
Issuance of shares on exercise of warrants (see note (a)(i))	10,666,667	**1,063,264**
At December 31, 2021	79,562,329	**56,848,151**
Founders' Investments (see note (a)(ii))	6,160,072	**1,336,736**
Consideration for the acquisition of Moydow (note (b))	71,880,320	**10,342,822**
Issuance of shares under New Financing (note (c))	20,637,500	**3,250,000**
Issuance of shares on exercise of options (see note (d))	3,430,631	**382,739**
Fair value adjustment on exercise of options (see note (d))	-	**343,964**
At December 31, 2022	**181,670,852**	**72,504,412**

At January 1, 2021, the Company had 68,895,662 issued and outstanding common shares.

(a) In August 2021, the Company entered into definitive agreements for certain transactions (the ''Transaction''). In line with the definitive agreements and the Founders' Investments agreements disclosed under Note 22:

(i) On September 10, 2021, Spirit Resources SARL has exercised all the 10,666,667 share purchase warrants it was holding since September 22, 2016 and acquired 10,666,667 common shares in the Company. Following this issue, at December 31, 2021, the Company had a total of 79,562,329 issued and outstanding common shares.

(ii) Spirit Resources Sarl subscribed for 2,012,607 DFR shares at a price of $ 0.217 per share and Brian Kiernan has subscribed for 4,147,465 DFR shares at a price of $ 0.217 per share, providing in aggregate $ 1,336,736 working capital to the Company in consideration for 6,160,072 shares.

(All amounts are expressed in United States dollars)

14. SHARE CAPITAL (CONTINUED)

(ii) Issued and outstanding share capital (continued)

(b) Pursuant to the Transaction, the capital of DFR has been restructured concurrently with a securities exchange with the 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. As a result, DFR has issued in aggregate 71,880,320 shares at a deemed price of CAD $ 0.185 to the current security holders of Moydow as consideration for its stake in Moydow's portfolio. The total deemed consideration amounted to $ 10,342,822.

(c) In line with the equity financing announced on March 11, 2022, which consists of a private placement to raise $ 3,162,500 and debt set off in the amount $87,500 at a price of CAD $ 0.20 per share (see Note 22 below), the Company issued 20,637,500 shares.

(d) On February 23, 2022, a director exercised 700,000 DFR Options (with an exercise price of CAD $0.145). As a result, 700,000 DFR common shares have been issued to him and a fair value adjustment of $ 75,118 was recognised in the Contributed surplus reserve.

Furthermore, on July 26, 2022, 2,730,631 shares options with a strike price of CAD $0.145 per share have been exercised by five directors and officers of the Company. A resulting fair value adjustment of $ 268,846 was recognised in the Contributed surplus reserve.

(iii) Stock Options

The Company has adopted a fixed, less than 10% stock option plan (the "Plan"), under which the maximum number of stock options issued cannot exceed 6,789,000. During the Company's shareholders meeting on June 9, 2022, shareholders voted in favor of increasing the options issuable to 17,800,000. The stock options issued to directors and officers vest in stages and become exercisable as to one third immediately, one third one year upon grant and the balance two years upon grant. Any stock options granted to consultants performing investor relations activities, vest in stages over twelve months. The exercise period for any stock options granted under the Plan cannot exceed ten years. The exercise price of options granted under the Plan cannot be less than the "discounted market price" of the common shares (the market price less the maximum discount permitted by the TSX-V).

Outstanding and exercisable share options

The following is a summary of changes in options from December 31, 2020 to December 31, 2022:

Grant date	Expiry date	Opening balance	During the year: Granted	During the year: Exercised	During the year: Expired/ forfeited	Closing balance
At December 31, 2020, and 2021		**5,150,000**	**-**	**-**	**-**	**5,150,000**
Exercised on February 23, 2022		-	-	(700,000)	-	(700,000)
Exercised on July 26, 2022		-	-	(2,730,631)	-	(2,730,631)
Expired on July 26, 2022		-	-	-	(400,169)	(400,169)
Issued on September 22, 2022		-	16,150,000	-	-	16,150,000
Expired on October 9, 2022		-	-	-	(719,200)	(719,200)
Issued on December 6, 2022		-	900,000	-	-	900,000
At December 31, 2022		**5,150,000**	**17,050,000**	**(3,430,631)**	**(1,119,369)**	**17,650,000**

(All amounts are expressed in United States dollars)

14. SHARE CAPITAL (CONTINUED)

(iii) Stock Options (continued)

An aggregate of 1,119,369 Stock Options expired during the year (December 31, 2021: nil expired and nil forfeited). Share-based compensation accounted during the year ended December 31, 2022 was $284,038 (December 31, 2021: $ nil). At December 31, 2022, unrecognized share-based compensation expense amounted to $791,010 (December 31, 2021: $ nil).

In February 2022 and in July 2022, a total of 3,430,631 Stock Options with an exercise price of CAD $0.145 per share have been exercised by option holders of the Company. During the current year, the Company increased the number of options under its Stock Plan to 17,800,000 and granted 17,050,000 new options with an exercise price of CAD $0.20 per share to directors and officers of the Company. As a result, at December 31, 2022, the balance of shares options outstanding was 17,650,000, and 150,000 options were available for future grant.

The following is a summary of options vested and outstanding at December 31, 2022:

Grant date	Expiry date	Exercise price (CAD)	Vested December 31, 2022	Outstanding at December 31, 2022
02/05/18	02/04/23	$0.145	400,000	400,000
08/28/18	08/27/23	$0.145	200,000	200,000
09/22/22	09/21/26	$0.200	-	16,150,000
12/06/22	12/05/26	$0.200	-	900,000
At December 31, 2022[1]			**600,000**	**17,650,000**

[1] At December 31, 2022, out of the 17,650,000 Stock Options outstanding, 600,000 were exercisable. Subsequent to the year-end, 400,000 of the exercisable options with a strike price of CAD $0.145 have expired. The weighted average fair value of options granted was CAD $ 0.084 (December 31, 2021: nil). The weighted average exercise price of options outstanding at December 31, 2022 and December 31, 2021 was CAD $0.198.

The fair value of options granted was determined using the Black-Scholes valuation model using the following weighted average assumptions:

- Expected volatility: 132.98% and 133.65%
- Risk-free interest rate: 3.75%
- Expected life (years): 4 years
- Dividend yield: 0.00%

(iv) Share purchase warrants

A summary of share purchase warrants activity and information concerning currently outstanding and exercisable warrants from December 31, 2020 to December 31, 2022 is as follows:

		During the year/period				
Grant date	Opening balance	Granted	Exercised	Forfeited / expired	**Closing balance**	Exercisable
At December 31, 2020	10,666,667	-	-	-	**10,666,667**	10,666,667
Movement during the year	-	-	(10,666,667)	-	**(10,666,667)**	(10,666,667)
At December 31, 2021	10,666,667	-	(10,666,667)	-	**-**	-
At December 31, 2022	-	-	-	-	**-**	-
Weighted average price CAD	$0.125	-	$0.125	-	**-**	-

14. SHARE CAPITAL (CONTINUED)

(iv) Share purchase warrants (continued)

Spirit Resources SARL has, during the year 2021, fully exercised its share purchase warrants issued on September 22, 2016 at CAD $0.125 per warrant and thereby acquired 10,666,667 shares at the price of CAD $0.185 per share. The latter represents DFR's last trading price before the suspension of dealings in the shares of the Company on August 24, 2021. The proceeds from the exercise of the warrants amounted to $ 1,063,264. After the settlement of the loan principal ($ 1,000,000) and interest element ($ 15,123) payable to Spirit Resources SARL (Note 12), the balance of $ 48,141 was received in cash.

(v) Nature and purpose of equity

The reserves recorded in equity on the Company's consolidated statement of financial position include:

(a) "Contributed surplus" is used to recognize the value of share options granted prior to exercise.

(b) "Accumulated deficit" is used to record the Company's change in deficit from year to year.

(c) "Foreign currency translation reserve" includes foreign exchange losses/gains on translating subsidiaries with a functional currency different from that of the United States dollar.

15. NON-CONTROLLING INTERESTS

	December 31, 2022	December 31, 2021
	$	$
At January 1,	**-**	-
Addition during the year	**2,585,580-**	-
Loss after tax	**(121,478)**	-
Other comprehensive loss	**(4,619)**	-
At December 31,	**2,459,483**	**-**

16. DERIVATIVE FINANCIAL INSTRUMENTS

The Company had issued warrants for financing purposes at various prices. As the warrants have an exercise price denominated in Canadian dollars, which is different to the functional currency of the Company (United States dollar), the share purchase warrants are treated as a derivative financial liability and the fair value movement during the year was recognized in the statement of profit or loss and other comprehensive income (loss).

The change in fair value of the derivative financial liabilities measured using the Binomial valuation model is as follows:

	Warrants (note 14)
	$
At December 31, 2020	518,763
Movement in fair value	(14,392)
Movement in foreign exchange rates	6,151
Balance before exercise of warrants	510,522
Movement in fair value immediately prior to exercise of warrants	(510,522)
At December 31, 2021 & December 31, 2022	**-**

(All amounts are expressed in United States dollars)

16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of the derivative financial instruments was determined using the Binomial valuation model using the weighted average assumptions outlined in the following table:

	At September 10, 2021 (Date of exercise)	At December 31, 2020
Expected volatility	**40%**	116%
Risk-free interest rate	**0.38%**	0.20%
Expected life	**0.04 years**	0.73 years

Spirit Resources SARL has exercised all the 10,666,667 share purchase warrants it was holding since September 22, 2016 and acquired 10,666,667 common shares in the Company. As the share purchase warrants were classified as derivative financial liabilities, they were revalued immediately prior to the exercise and the change in fair value amounting to $ 510,522 was recognized in statement of profit or loss and other comprehensive income (loss) for the year ended December 31, 2021.

17. EXPLORATION AND EVALUATION EXPENSES

	December 31, 2022	December 31, 2021*
	$	$
Cascades projects	**460,227**	-
Beravina zircon project	**10,119**	14,842
Other projects and new prospects	**117,172**	460,406
	587,518	475,248

** Re-presented to reflect the change in presentation of discontinued operations to be consistent with the current period. For discontinued operations, please see Note 11.*

Exploration and evaluation expenses by nature of expenditure are summarized below:

	December 31, 2022	December 31, 2021
	$	$
Consulting & support logistics	**334,407**	466,991
Drilling and assaying	**219,921**	-
Licences & other expenses	**33,190**	8,257
	587,518	475,248

At the Closing of the acquisition of Moydow, the Group has reclassified exploration and evaluation assets amounting to $ 14,562,694 arising on acquisition of Moydow to align its accounting policy on mineral assets with that of the Group. See Note 22 below.

17. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)

Cascades (formerly known ''Labola'') (Gold) – Burkina Faso

The Cascades gold exploration project comprising initially of an option for the WUO Land exploration license ("WUO1"), has been extended through the acquisition of an option to acquire WUO Land 2 exploration license ("WUO2"), contiguous to WUO1 license, both option agreements are held in escrow with an appointed escrow agent in Ouagadougou, Burkina Faso. The project is located in the Banfora greenstone belt of the West African Birimian Supergroup in Comoé province, southwest Burkina Faso. Cascades is approximately 370km west-southwest of Ouagadougou, and 100km northeast of the Wahgnion gold mine, operated by Endeavour Mining.

The WUO1 option agreement gives the Company exclusive rights until May 27, 2024 to purchase 100% of the Licence Holder's interest in the WUO1 exploration license for a payment of $ 1,000,000. Moreover, an amount of $ 50,000 is payable annually to the Licence Holder until 2023. An additional payment of $ 1,000,000 will be made to the License Holder upon the successful definition and reporting of a resource of at least 1,000,000 ounces of gold (under JORC guidelines). In addition, the License Holder will retain a 1% net smelter return royalty ("NSR") on all gold produced up to a total aggregate payment of $ 2,000,000. The WUO1 exploration permit (Permis de Recherche) has been renewed for three years and will be due for renewal on March 5, 2024.

The WUO2 option agreement gives the Company exclusive rights to purchase 100% of the Licence Holder's interest in WUO2 exploration license for an aggregate payment of $500,000, out of which $ 200,000 has been paid earlier during the year and two payments of $150,000 each are payable prior to exercising the WUO2 option during the year 2023. During December 2022, the License Holder and the Company entered into an amendment agreement whereby the Company is allowed to delay the first $150,000 payment until January 31, 2024 and the second $150,000 payment until May 31, 2024 in consideration for two payments of $25,000 each, before December 31, 2022 and May 31, 2023, the Company paid the initial $25,000 to the License Holder prior to December 31, 2022. The License Holder is also entitled to a net smelter royalty of 1% capped at $2,000,000 on the value of all minerals extracted from the tenement. The WUO2 exploration permit (*Permis de Recherche*) was granted for a three-year period on November 13, 2018, and has been renewed for a further three-year period until November 12, 2024.

The Company has executed an Exploration Data, Reports and Samples Purchase Agreement on October 9, 2020 with Nord Gold to purchase all of their historic data in consideration of a 0.5% Net Smelter Royalty (NSR) capped at $ 3,000,000.

Pursuant to the Definitive Agreements and other related agreements among DFR, Moydow and Panthera, upon closing DFR has acquired an 80% interest in the Cascades project and Panthera will own a carried 20% interest on the condition that DFR invests $ 18,000,000 in the project by September 30, 2026 (the "Deemed Cost Base"), thereafter, all interests shall be participating. Panthera shall have the right to acquire an additional 10% interest in Cascades by making a payment of up to $ 7,200,000 following the trigger date.

Moreover, DFR and Panthera have entered into a joint venture agreement (the "Cascades JVA") for the management and operation of the project, pursuant to which DFR shall be the operator, and is entitled to appoint two thirds of the members of the management committee and an operator fee.

17. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)

Kalaka (Gold) – Mali

The Kalaka gold project is located 260km southeast of Bamako in South Mali.

Pursuant to the definitive agreements announced by the Company on August 25, 2021, upon completion of the Moydow acquisition on June 28, 2022, Moydow's interest in Panthera Mali Resources SARL ("PMR"), a Mali company, which owns 80% of the rights in the Kalaka project through a joint venture agreement (the "Kalaka JVA") with a local participant (the "Local Participant") was spun off (together with the Nigerian gold projects) and brought under a new holding company, Maniger Ltd., a BVI company ("Maniger") held as to 50% by DFR and 50% by Panthera. Moydow has complied with all required financial obligations pertaining to the Kalaka JV up to the date of the current period, and on a going forward basis, Maniger is required to spend an aggregate $300,000 in the project for the year to December 31, 2022 (initially agreed as June 2022, thereafter extended to December). Moydow (hence DFR) having spent in excess of its 2021 and 2022 spending requirements has the opportunity to save cash spending on the project until the end of the year. The Local Participant is entitled to a gross royalty capped at $ 3,000,000 in total. Other than as described in this section, all project interests pertaining to the Kalaka JVA are participating.

DFR currently holds a 40% participating interest in the project with Panthera also having a 40% participating interest and acting as operator; the Local Participant will hold the remaining 20% participating interest.

Nigeria (Gold)

Pursuant to the definitive agreements announced by the Company on August 25, 2021, upon closing of the Moydow transaction on June 28, 2022, Moydow's interest in Gurara Holdings Limited ("Gurara"), a BVI company, which owns 51% of the rights in several Nigerian mineral licences through a joint venture agreement (the "Gurara JVA") with Zinariya Mining Limited ("Zinariya") a BVI Company, was spun off (together with the Kalaka gold project) and brought under a new holding company, Maniger Ltd., a BVI company ("Maniger") held as to 50% by DFR and 50% by Panthera.

The "Gurara JVA" involves the following parties:

(1) Moydow Holdings Limited ("Moydow" or the "Company");
(2) Zinariya Mining Limited ("Zinariya"), a BVI company. Zinariya owns the remaining interest in Gurara;
(3) Gurara Holdings Limited ("Gurara"), a BVI Company, which as at December 31, 2021 was held as to 20% by Moydow and 80% by Zinariya; and,
(4) PW Nigeria Mining Ltd ("PW Mining"), a Nigeria company.

17. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)

Nigeria (Gold) (continued)

Pursuant to the Gurara JVA:

- Moydow held 20% in Gurara [following project spending of $ 250,000 (the "Initial Payment")];
- PW Nigeria Ltd. ("PW Nigeria") is a member of the same group of company as Zinariya and PW Mining and owned the Projects (as described below);
- PW Nigeria transferred 99.99% of the entire share capital in 3 project companies in Nigeria (the "Projects") to Gurara.

- Zinariya granted a first option to Moydow to acquire a 51% interest in Gurara by investing a total of $ 1,000,000 prior to December 31, 2021 (the "First Option"). Moydow achieved the required expenditure to earn the First Option after December 31, 2021, but the parties have agreed that Moydow has earned the First Option and became bestowed with a 51% interest in Gurara, as such DFR currently holds a 25.5% indirect interest in Gurara.

- Moydow (the rights having been transferred to DFR) may acquire a Second Option to earn a 65% interest in Gurara expiring on July 2023 by spending an aggregate $2,000,000 (including the $1,000,000 above) in the Projects.

DFR did not incur any expenditure in relation to Gurara for the reporting period, and Moydow (now Maniger) has, since earning the 51% interest, incurred minimum expenditures on the projects to keep the assets in good standing.

Namibian Diamond project

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

During the year, the Company has completed the disposal of its Namibian diamond assets (the "Namibian Concessions") to Jean Boulle Diamond Mines Ltd. ("JBDM") pursuant to a diamond business sale agreement dated November 28, 2022. JBDM has acquired the Company's interest in the Namibian properties consisting of: 100% interest in Diamond Fields (Namibia) (Pty) Ltd and 70% of Namibian Diamond Company (Pty) Ltd (the "Namibian Assets"). In consideration for the Namibian Assets, JBDM has effected an initial payment of $150,000 (the "Initial Payment") to the Company; and will effect annual payments of $100,000 (as to $90,000 for ML111, $5,000 for each of ML32 and ML139) (the "Annual Payments") proportionately, as from September 1, 2023 until the earlier of either JBDM returns the license to the Company or September 1, 2035; and, will effect payment of a 1% net sales royalty. As part of the disposal, the Company has assigned a loan of $8,128,306 receivable by the Company from DFN, which based on the financial condition on DFN was fully impaired. As such, the presentation of the statement of profit or loss of the Company has been altered to present the Namibian interest separately, as discontinued operation on the statement of profit or loss.

(All amounts are expressed in United States dollars)

17. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)

Madagascar Zircon project

The Company's subsidiary, Kimberley Overseas, owns Action Mining Ltd., a Mauritius company which fully owns Compagnie Générale des Mines de Madagascar ("CGMM"). CGMM owns 100% of the mining license (Permis d'Exploitation PE8096) for the Beravina zircon deposit in Madagascar (the "Beravina Project") valid until June 22, 2055.

On May 16, 2019, the Company entered into a cooperation agreement (the "Cooperation Agreement") with TMH Acquisition Co. ("TMH"), a special purpose vehicle established by Denham Mining Fund LP, to advance the Company's Beravina Project. Pursuant to the terms of the Cooperation Agreement, TMH made certain payments and funded the next stage of exploration work on the Beravina Project. The Cooperation Agreement was amended and extended until July 2021, and thereafter expired.

Other projects and prospects

During its normal course of business, the Company engages with different parties as authorities to seek business opportunities on an ongoing basis.

As disclosed under Note 22, the Company entered into definitive agreements which has led to the acquisition of the West African gold projects. Most of the costs reported under the sub-heading *Other projects and prospects* relate to the West African gold projects, referred under the asset acquisition note disclosed under Note 22. There was no other project which had reached a stage which would be considered as material for disclosure.

18. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2022	December 31, 2021*
	$	$
Salaries and benefits	**1,151**	-
Directors and secretary fees	**840,500**	293,500
Consultancy and professional fees	**398,469**	123,186
Regulatory and listing fees	**70,672**	5,685
Insurance	**26,792**	21,568
Investor relation	**63,875**	61,214
Office and other expenses	**26,218**	21,844
Depreciation	**7,005**	-
	1,434,682	526,997

* *Re-presented to reflect the change in presentation of discontinued operations to be consistent with the current period. For discontinued operations, please see Note 11.*

19. INCOME TAXES

Continuing and discontinued operations

Taxation is calculated at the rate prevailing in its respective operational jurisdiction. There is no deferred tax charge arising for the Company for the year.

(All amounts are expressed in United States dollars)

19. INCOME TAXES (CONTINUED)

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2022	December 31, 2021
	$	**$**
Loss for the year	(16,738,746)	(554,462)
Expected income tax (recovery)	(4,519,000)	(150,000)
Change in statutory, foreign tax, foreign exchange rates and other	645,000	(240,000)
Permanent difference	3,410,000	89,000
Impact of redomiciliation	6,306,000	-
Impact of deregistration and disposition of subsidiaries	4,965,000	-
Adjustment to prior years provision versus statutory tax returns	(14,000)	32,000
Change in unrecognized deductible temporary differences	(10,793,000	269,000
Total income tax expense (recovery)	-	-

Deferred tax assets and liabilities

At December 31, 2022 and December 31, 2021, no deferred tax assets were recognised in respect of tax losses as it was uncertain at that point in time whether taxable profits would be available in the future against which tax losses may be utilised.

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

Deferred tax assets	**December 31, 2022**	December 31, 2021
	$	**$**
Property and equipment	**-**	105,000
Allowable capital losses	**-**	1,587,000
Non-capital losses available for future periods	**107,000**	9,208,000
	107,000	10,900,000
Unrecognised deferred tax assets	**(107,000)**	(10,900,000)
Net deferred tax assets	**-**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2022	**Expiry date range**	December 31, 2021	Expiry date range
	$		$	
Temporary differences				
• Property and equipment	-	No expiry date	388,000	No expiry date
• Share issue costs	-	No expiry date	1,000	2040 to 2042
• Allowable capital losses	-	No expiry date	5,877,000	No expiry date
• Non-capital losses available for future periods	537,000	2023 to 2027	29,941,000	2023 to indefinite

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(All amounts are expressed in United States dollars)

20. SEGMENTED INFORMATION

At December 31, 2022, the Company operates in eight (December 31, 2021: four) main geographical locations as set below. Other operations comprise South Africa and British Virgin Islands. However, they do not constitute a separate reportable segment.

Assets by geographic locations at December 31, 2022 and December 31, 2021 were as follows:

At December 31, 2022	Canada	Madagascar	BVI	Mali	Burkina Faso	Nigeria	United Kingdom	Total
	$	$	$	$	$	$	$	$
Total assets	1,339,422	11,523	264,959	-	131,885	-	2	1,747,791

At December 31, 2021	Canada	Discontinued operation Namibia	Madagascar	BVI	Mali	Burkina Faso	Nigeria	Other	Total
	$	$	$	$	$	$	$	$	$
Total assets	298,010	8,903	9,759	-	-	-	-	2,017	318,689

21. RELATED PARTY TRANSACTIONS

In addition to the information disclosed under Notes 10, 12 and 13 above, the Company recorded related party transactions in terms of compensation to key management personnel of the Company for the years ended December 31, 2022 and December 31, 2021, which are recorded in the following accounts in these consolidated financial statements:

	December 31, 2022	December 31, 2021
	$	$
G&A - Jean Lindberg Charles, CFO and Secretary	**232,500**	143,500
G&A - Sybrand van der Spuy, COO	**258,000**	150,000
G&A - John McGloin, CEO	**350,000**	-
G&A - Fasken Martineau LLP[1]	**75,224**	361,500
G&A - Minerex Limited[2]	**30,000**	-
E&E - Minerex Drilling Contractors SARL[3]	**121,975**	-
Total, excluding share-based compensation	**1,067,699**	655,000
Share-based compensation – Directors & Officers	**284,038**	-

G&A - denotes general and administrative expenses.
E&E - denotes evaluation and exploration expenses.

Notes:

1. *Fasken Martineau LLP[1] - Albert C Gourley, a Director of the Company, holds office as the Regional Managing Partner of Fasken Martineau LLP.*

2. *Minerex Limited[2] - Brian Kiernan, a director of the Company, is also a director and the controlling shareholder of Minerex Limited.*

(All amounts are expressed in United States dollars)

21. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes (continued):

3. *Minerex Drilling Contractors SARL[3] - Brian Kiernan, a director of the Company, is also a director of the ultimate holding company of Minerex Drilling Contractors SARL.*

During the year ended December 31, 2022, fees paid to directors and officers of the Company were as follows:

	Fees	**Discretionary bonus**
	$	**$**
Jean Lindberg Charles, CFO and Secretary	**124,500**	**108,000**
Sybrand van der Spuy, COO	**150,000**	**108,000**
John McGloin, CEO	**350,000**	**-**
Total	**624,500**	**216,000**

At December 31, 2022, amounts of fees and expenses payable to related parties were as follows:

	December 31, 2022	December 31, 2021
	$	$
Jean Lindberg Charles, CFO and Secretary	**-**	-
Sybrand van der Spuy, COO	**-**	25,000
John McGloin, CEO	**-**	-
Fasken Martineau LLP	**-**	185,999
Minerex Limited	**5,000**	-
Minerex Drilling Contractors SARL	**68,831**	-
	73,831	210,999

22. ASSET ACQUISITION

(i) Definitive Agreements

On August 25, 2021, the Company announced it has entered into definitive agreements in respect of the acquisition of interests in Moydow Holdings Ltd ("Moydow") and certain of its subsidiaries (the "Transaction") to be settled through the issuance of common shares of DFR to Moydow's security holders.

Moydow Holdings Limited, a company registered in the BVI, holds interests in a portfolio of gold assets in West Africa. Closing of the Transaction occurred on June 28, 2022.

The Transaction involves a combined restructuring of Moydow's shareholdings and a securities exchange with the 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. As a result, DFR issued in aggregate 71,880,320 shares to the security holders of Moydow as consideration for its stake in Moydow's portfolio.

Pursuant to the Transaction, DFR acquired:

- An 80% interest in Moydow, which owns an option (until May 27, 2024) to acquire 100% of the Cascades (Wuo Land) licence against further payment of $ 1,000,000.

22. ASSET ACQUISITION (CONTINUED)

(i) Definitive Agreements (continued)

At Closing of the Transaction, DFR has been 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 $18,000,000 in the Cascades project by September 30, 2026. If DFR were to make no investments in Cascades 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 Cascades on the earlier of (i) 90 days following DFR completing an investment of $18,000,000 in Cascades; or (ii) 30 September 2026, by making a payment to DFR of up to $7,200,000, to be adjusted down based on DFR's actual investment in the Cascades project during the specified period.

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

Pursuant to the Transaction, DFR acquired:

- A 25.5% indirect interest in Gurara Holdings Limited ("Gurara") (which has interest in 3 Nigerian companies owning mineral assets) with PAT owning equally a 10% indirect interest, and the option (against certain payments) to jointly (DFR and PAT 50:50) own 65% of the Nigeria licences. Maniger has subsequently earned a 51% interest in Gurara following incurring an aggregate of $ 1,000,000 qualifying expenditures pursuant to a joint venture agreement, as such DFR and PAT each holds a 25.5% indirect interest in Gurara.

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

In connection with the Transaction, Brian Kiernan and Spirit executed subscription agreements with DFR and otherwise agreed to invest a combined $2,750,000 as part of the Transaction ("Founder Investments") as follows:

(a) Spirit Resources SARL

Spirit Resources SARL invested $ 1,500,000 into DFR through the exercise of 10,666,667 existing warrants having an exercise price of CAD $ 0.125 (CAD $ 1,333,334 or approximately $ 1,063,264) in 2021 and subscribed for 2,012,607 DFR common shares (issued on completion of the transaction) at a price of $ 0.217 per share for $ 436,736.

The proceeds of the warrants have been used to settle the existing $ 1,000,000 loan facility from Spirit and interest arising thereon amounting to $ 15,123.

(b) Brian Kiernan

Brian Kiernan exercised 350,000 options in Moydow (the "Moydow Options") with an exercise price of US$1 per option which has been exchanged for common shares of DFR at the Exchange Ratio on Closing and made a further investment of $ 900,000 into DFR by way of a subscription for 4,147,465 common shares of DFR, at a price per common share of $ 0.217, on closing of the Transaction. The exercise of the Moydow Options and the subscription, together with a previous exercise of $ 250,000 Moydow Options by Brian Kiernan, resulted in an aggregate cash injection of $ 1,500,000.

(All amounts are expressed in United States dollars)

22. ASSET ACQUISITION (CONTINUED)

(ii) New Financing of $ 3,250,000

On March 11, 2022, the Company announced completing a new financing consisting of a private placement to raise $ 3,250,000 in equity at a price of CAD $ 0.20, out of which $ 3,162,500 has been settled in cash and the difference of $ 87,500 through the net-off of accruals arising on provision of services in consideration for 20,637,500 shares (the "New Financing").

(iii) Acquisition of Moydow

As the acquisition of Moydow does not qualify as a business combination according to the definition in IFRS 3 Business Combinations, the arrangement has been accounted for as an asset acquisition with the preliminary purchase price being allocated based on the estimated fair value of Moydow's assets and liabilities summarized as follows:

	$
Fair value of consideration paid	
Issue of common shares	**10,342,822**
Cash consideration	**-**
Total consideration	**10,342,822**
Non-controlling interest	**2,585,580**
Fair value of consideration	**12,928,402**

The allocation of the purchase price based on the relative fair value of assets acquired and liabilities assumed at that date was as follows:

	$
Property, plant and equipment	**39,598**
Investments in associate	**500**
Exploration and evaluation assets (refer to note (a) below)	**14,562,694**
Receivables	**236,089**
Inventories	**44,462**
Cash and cash equivalents	**96,742**
Trade and other payables	**(2,045,886)**
Borrowings	**(5,797)**
Net assets acquired	**12,928,402**

(a) Consideration – Issue of common shares

The consideration represents the value of the 71,880,320 DFR shares issued to Moydow's security holders based on DFR's stock trading price on the TSX V prior to trading halt on August 24, 2021, that is CAD $ 0.185 at a rate of exchange of 1 CAD = 0. 778 US$.

23. 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 the Company's 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 may attempt to raise capital or borrow funds, although there is no certainty that such financing will be available with 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 year.

(ii) Financial Instruments Risks

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

<u>Market Risk</u>

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 consist 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 and Madagascar and purchases goods and services denominated in United States dollars, Madagascan Ariary and Pounds Sterling. As such, the Company has exposure to foreign currency exchange rate fluctuations at this time. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign currency risks.

The following table reflects the Company's foreign currency exposure as at December 31, 2022:

	Currency CAD	Currency XOF	Currency GBP	Currency $	Currency Other	Total
Financial assets	$	$	$	$	$	$
Cash and cash equivalents	17,117	40,244	-	1,277,877	11,021	1,346,259
Other receivables	-	-	-	9,785	-	9,785
	17,117	40,244	-	1,287,662	11,021	1,356,044

(All amounts are expressed in United States dollars)

23. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(ii) Financial Instruments Risks (continued)

Market Risk (continued)

Foreign currency risk (continued)

	Currency CAD	Currency XOF	Currency GBP	Currency $	Currency Other	Total
Financial liabilities	$	$	$	$	$	$
Accounts payable and accrued liabilities	2,685	25,878	-	240,147	3,097	271,807
Deferred consideration	-	-	-	110,000	-	110,000
Borrowings	-	-	-	5,797	-	5,797
	2,685	25,878	-	355,944	3,097	387,604

The following table reflects the Company's foreign currency exposure as at December 31, 2021:

	Currency CAD	Currency NAD	Currency GBP	Currency $	Currency Other	Total
Financial assets	$	$	$	$	$	$
Cash and cash equivalents	3,082	5,847	-	251,057	5,191	265,177
Other receivables	-	-	-	-	-	-
	3,082	5,847	-	251,057	5,191	265,177

	Currency CAD	Currency NAD	Currency GBP	Currency $	Currency Other	Total
Financial liabilities	$	$	$	$	$	$
Accounts payable and accrued liabilities	37,793	28,976	-	43,727	272,578	383,074
Derivative financial instruments	-	-	-	-	-	-
	37,793	28,976	-	43,727	272,578	383,074

At December 31, 2022, with other variables unchanged, a 10% change in the Canadian dollar (''CAD''), Namibian dollar (''NAD''), West African CFA Franc (''XOF'') and other currencies to USD exchange rate would result in a $3,672 change in foreign exchange gain (loss) (December 31, 2021: $32,823).

Interest rate risk

The Company does not have any financial instruments subject to interest rate risk at December 31, 2022 (December 31, 2021: nil).

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company has no equity holdings and is therefore not exposed to this risk.

(All amounts are expressed in United States dollars)

23. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(ii) Financial Instruments Risks (continued)

Market Risk (continued)

Commodity price risk

Commodity price risk is the uncertainty associated with the valuation of assets arising from changes in commodities. Though the Company is at an early exploration stage it is exposed to price risk 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 a 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.

The following is a summary of the Company's liabilities and their respective due dates at December 31, 2022 and December 31, 2021:

At December 31, 2022

	Total	**< 1 year**	**1 – 2 years**
	$	**$**	**$**
Accounts payable and accrued liabilities	271,807	271,807	-
Borrowings	5,797	5,797	-
Deferred consideration	110,000	110,000	-

At December 31, 2021

	Total	< 1 year	1 – 2 years
	$	$	$
Accounts payable and accrued liabilities	383,074	383,074	-

23. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(iii) Determination of fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The statement of financial position carrying amounts for cash, receivables, accounts payable and accrued liabilities and derivative financial instruments approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's cash is measured using Level 1 fair value measurements. The Company's derivative financial instruments are measured using level 3 inputs.

24. GEOPOLITICAL AND POLITICAL SITUATION

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. 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. Moreover, countries where DFR conducts exploration in West Africa, continue to experience civil unrest and/or warfare including attacks on civilians.

Though the Company's activities have so far not been significantly affected by the situation in eastern Europe and in Burkina Faso, management believes that the nature and duration of uncertain and unpredictable events, such as attacks on civilians and further military action in Burkina Faso, additional sanctions on Russia and reactions to ongoing developments by global financial markets may have implications on its activities.

The Company is continuously evaluating its direct and indirect exposures to the impacts of the local and regional events as well as consequences of the Russia-Ukraine conflict on its operation. 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.

25. COMPARATIVES

During the year ended December 31, 2022, Diamond Fields Operations (Namibia) Ltd and Diamond Fields (South Africa) (Pty) Ltd were deregistered, and the Group disposed of its Namibian diamond assets, namely Diamond Fields (Namibia) (Pty) Ltd and Namibian Diamond Company (Pty) Ltd. As a result, DFR has deconsolidated these subsidiaries. Upon deconsolidation, DFR no longer presents the subsidiaries' assets, liabilities, and results of operations in its consolidated financial statements for the year ended December 31, 2022. However, the Group's financial statements for the year ended December 31, 2021 included these subsidiaries. They have been shown as discontinued operations.

Due to the above, the comparative figures for statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related notes, for that period are not comparable with the current period results.

26. 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 consolidated financial statements for the year ended December 31, 2022, except the following:

(i) Effective January 30, 2023, Diamond Fields Resources Inc. has changed its name to 'DFR Gold Inc.'.

(ii) In April 2023, DFR announced a private placement of unsecured convertible debentures ("Debentures") for an aggregate amount of $ 1,705,750, with insiders. The Debentures will mature on February 29, 2024 unless converted earlier in accordance with their terms. The Debentures bear interest at a rate of 12.5% per annum, which is payable on the maturity date, unless the Debentures are converted earlier.