

DFR GOLD

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the year ended December 31, 2022

Date of release April 28, 2023

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

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

1. INTRODUCTION

This Management Discussion and Analysis (“MD&A”) for the year ended December 31, 2022 has been prepared as at April 28, 2023, and contains certain “forward-looking statements” under the Canadian securities laws. All statements, other than statements of historical fact included herein, including without limitation statements regarding potential mineralization, exploration results, plans and objectives of DFR Gold Inc. (“DFR Gold”, “DFR” or “the Company” or together with its subsidiaries, “the Group”), are forward-looking statements that involve various risks, uncertainties and assumptions. The MD&A should be read in conjunction with the consolidated financial statements of DFR.

The Company changed its name from Diamond Fields Resources Inc. to DFR Gold Inc. effective January 30, 2023, and is referred to as DFR Gold Inc. throughout this report.

(i) 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. Additionally, the Countries where the Company conducts exploration in West Africa continue to experience civil unrest and/or warfare including civilians attacks.

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 the Company’s 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 any impact on the global economy and major financial markets arising from the war.

(ii) Material events following the end of the reporting period

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

On April 6, 2023, DFR announced a private placement of unsecured convertible debentures (the “Debentures”), with insiders and management, for gross total proceeds in an aggregate amount of US\$1,705,750. The Debentures will mature on February 29, 2024 (the “Maturity date”) 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.

(iii) Management’s responsibility for financial reporting

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

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

1. INTRODUCTION (CONTINUED)

(iii) Management's responsibility for financial reporting (continued)

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

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

2. OVERVIEW

(i) Description of business

DFR Gold Inc., formerly Diamond Fields Resources Inc., announced changing its name to DFR Gold Inc. effective January 30, 2023. DFR is a British Columbia governed company listed on the TSX Venture Exchange. On June 28, 2022, the Company completed the previously announced acquisition and restructuring of Moydow Holdings Limited ("Moydow"), a BVI company owning a portfolio of gold assets in West Africa, which received final TSXV approval on July 11, 2022 (see DFR announcements dated August 25, 2021, June 29, 2022, and July 11, 2022). The Company is active in mineral exploration and has business interest in Burkina Faso, Mali, Nigeria and Madagascar. The Company has sold its Namibian diamond assets to Jean Boulle Diamond Mines Ltd. pursuant to a diamond business sale agreement dated November 28, 2022, as such, the Group's results include the results of Diamond Fields (Namibia) (Pty) Ltd. and Namibian Diamond Company (Pty) Ltd. up to November 28, 2022. The operating results of DFR's newly acquired gold projects are reported as part of the Company's income statement as from June 29, 2022. The Company is actively engaged in the development of its existing assets whilst continuing assessing additional mineral projects around the world to identify new opportunities.

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

(ii) Principal Assets

Mr. David J. Reading, M.Sc., FIMM, Fellow of the Society of Economic Geologists (SEG), a director to the Company and a Qualified Person as defined under Canadian National Instrument 43 101 – Standards of Disclosure for Mineral Projects ("NI 43 101"), has reviewed and approved the technical information contained in this report.

Cascades (Gold) – Burkina Faso.

The Company's recently acquired 80% controlled subsidiary, Moydow, holds two exclusive options for the WUO Land WUO Land 1 and WUO Land 2, until year 2024, to purchase 100% of the license holder's interest in the WUO Land 1 and WUO Land 2 ("Cascades") exploration licenses covering 304 km² of ground in the Banfora greenstone belt in southwest Burkina Faso. The license area contains a mineralised corridor 30km long and 5km wide containing a number of auriferous quartz shears.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

2. OVERVIEW (CONTINUED)

(ii) Principal Assets (continued)

Data for over 65,000 meters of historical drilling has been acquired by the Company from previous option holders. The Company's subsidiary undertook a confirmatory twin and infill drilling campaign, consisting of 4,739 meters reverse circulation (RC) drilling in 2021, following which a maiden resource statement was published. DFR completed 4,975 meters of RC drilling program in August 2022, started by Moydow prior to its acquisition by DFR. The results, including the discovery of a new gold zone, were announced by the Company (see DFR announcement dated on September 6, 2022).

Taking into account the historic drilling data, drilling performed by Moydow in 2021 and the 2022 drilling campaign, the aggregate drilling on the property as at the date of reporting has reached almost 75,000 meters. A NI 43-101 compliant technical report announced by the Company on October 25, 2021, and amended on April 20, 2022 reported:

- Indicated resource of 5.41 million tonnes at an average grade of 1.52 g/t AU for a total 264,000 ounces of gold; and,
- Inferred resource of 6.93 million tonnes at an average grade of 1.67 g/t Au for a total of 371,000 ounces of gold.

The Company started an initial 5,000 meters phase of drilling at Cascades during the first quarter of 2023, at the time of issuing this MD&A the drill samples were being assayed and results were being analysed.

Kalaka (Gold) - Mali.

The Company acquired, on June 28, 2022, a 40% indirect interest in the Kalaka license in Mali (as part of the Moydow transaction). The Kalaka gold project is located 260km south east of Bamako in South Mali, 80km south of the 8 million Ounces Morila gold mine owned by Barrick/AngloGold Ashanti and 85km northwest of the 6 million ounces Syama gold mine owned by Resolute. Previous works at Kalaka indicate a large, low-grade zone mineralization with multiple drill intersections.

Nigeria (Gold).

The Company acquired, on June 28, 2022, a 25.5% indirect interest in various gold exploration projects in Nigeria (as part of the Moydow transaction), where historically very little systematic, modern exploration has been undertaken. The projects are located within the gold-bearing ("Schist Belt") terrain of the Benin-Nigeria Shield, which has broad similarities to the Birimian of the Man Shield of West Africa.

Beravina (Zircon)

The Company through its Madagascar-based subsidiary, Compagnie Générale des Mines de Madagascar, owns a Mining License (*Permis d'Exploitation* PE 8096) for the exploration and mining of the Beravina deposit, valid until June 22, 2055. The project is located in Western Madagascar within the Melaky region, covering 625 hectares and is approximately 220km east of the port of Maintirano, near a state road. A NI 43-101 compliant technical report filed by the Company on January 29, 2019, reported an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO₄) (equivalent to 15.3% ZrO₂).

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

2. OVERVIEW (CONTINUED)

(ii) Principal Assets (Continued)

Namibia (Diamonds)

The Company disposed of its interest in previously 100% owned Diamond Fields (Namibia) (Pty) Ltd. and Namibian Diamond Company (Pty) Ltd. (the "Namibian Assets") on November 28, 2022 (the "Disposal date"), as such the consolidated results of the Group include those of the Namibian Assets until Disposal Date.

(iii) Highlights

Corporate activities

The acquisition and restructuring of Moydow was completed on June 28, 2022, and on July 11, 2022, the TSX Venture exchange (TSX-V) granted its final approval to the transaction, following which DFR's common shares, which had been halted since announcing the Moydow transaction on August 25, 2021, resumed trading on July 13, 2022. Pursuant to the Moydow transaction an aggregate of 98,677,892 common shares were issued as follows on closing: 71,880,320 shares (at a deemed price of C\$0.185 per share) in exchange for Moydow securities; 6,160,072 shares subscribed at \$0.217 per share as part of the founders' agreement, initially announced on August 25, 2021; and, 20,637,500 shares subscribed at C\$ 0.20 per share (for cash and in exchange for services) as part of the financing initially announced on March 11, 2022.

Following completion of the acquisition of Moydow, three directors stood down, and three new directors, namely Brian Kiernan, Len Comerford and Carlo Baravalle, were appointed to the Board. On January 1, 2022, John McGloin was appointed as a Director, CEO and President of the Company. The new Board consists of the following directors: Brian Kiernan (Chairman); John McGloin (CEO and President); Sybrand Van Der Spuy (COO); Al Gourley; David Reading; Bertrand Boule; Carlo Baravalle; and Len Comerford. Jean Lindberg Charles continues to serve as CFO and Secretary.

The Company issued 3,430,631 shares at a price of C\$0.145 per share to option holders following the exercise of options by the latter in March and July 2022. Moreover, 1,119,369 options with a strike price of C\$0.145 have expired unexercised during the year. The Company increased its fixed, less than 10% Stock Plan to 17,800,000 Stock Options and issued 16,150,000 new stock options, with an exercise price of C\$0.20 each to directors and officers of the company as announced on September 22, 2022, and granted further 900,000 stock options with an exercise price of C\$0.20 per share to directors and management in December 2022. Following the date of reporting, further 400,000 stock options with an exercise price of C\$0.145 have expired.

Overall operation updates and performance

The Group posted a net loss of \$16,738,746 (2021: \$554,462) for year ended December 31, 2022. The net loss consists principally of: mineral asset arising on the acquisition (and first time consolidation) of Moydow to an extent of \$14,562,694 expensed in line with the Company's accounting policy pursuant to which, acquisition, exploration and evaluation asset expenditures incurred prior to the date of a positive economic assessment on the property are expensed as incurred; An amount of \$142,389 has been recognized as gain on disposal of the company's previously held Namibian subsidiaries; exploration and evaluation expenses amounting to \$587,518; share-based compensation arising on the issuance of Stock Options to an extent of \$284,038; and, general and admin expenses to an extent of \$1,434,682.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

3. RESULTS OF OPERATIONS

Review of selected financial and operating results

Selected year ends financial and non-financial information

	Years ended	
	December 31	December 30
	2022	2021
	\$	\$
Exploration and evaluation expenses*	(587,518)	(475,248)
Reclassification of E&E assets**	(14,562,694)	-
General and administrative expenses*	(1,434,682)	(526,997)
Share based compensation	(284,038)	-
Fair value movement on derivative instruments		524,914
Interest income (expense)	9,822	(15,123)
Foreign exchange gain (loss)	24,141	(6,385)
Gain on disposal of subsidiaries	142,389	-
Share of loss from associate	(500)	-
Loss from discontinued operation*	(45,666)	(55,623)
Exchange difference on translation of foreign operations	(18,597)	458
	<hr/>	<hr/>
Total comprehensive loss	(16,757,343)	(554,004)
Weighted average number of shares outstanding	131,303,835	72,197,945
Loss per share – basic	(0.13)	(0.01)

* Re-presented to reflect the change in presentation of discontinued operations as set out in Note 3 of the financial statements (Namibia investments)

** In line with DFR's accounting policy, the mineral asset arising on the acquisition of Moydow were reclassified to exploration and evaluation costs during period ended December 31, 2022.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The MD&A includes certain non-IFRS measures to provide meaningful information, where appropriate.

The mineral asset value being the difference between the consideration and the fair value of the net assets of Moydow arising on its acquisition as at June 28, 2022, has been expensed to the statement of profit or loss to align with the Company's accounting policies. The results (expenses and income when applicable) from operations of the West African gold assets are consolidated in DFR's accounts as from June 29, 2022.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

3. RESULTS OF OPERATIONS (CONTINUED)

Review of selected financial and operating results (Continued)

Evaluation and Exploration expenditures ("E&E") amounted to \$587,518 (2021: \$475,248) for the year ended December 31, 2022. E&E costs incurred by the Company in relation to Cascades, Gurara and Kalaka prior to the acquisition of Moydow were accounted under 'other projects and new prospects'. E&E expenditures incurred on Cascades (from the date of acquisition onwards) amounted to \$460,227 (2021: \$nil) for the year ended December 31, 2022, of which an amount of \$219,921 relate to drilling and assaying expenses, and the balance \$240,306 for consultancy fees, logistics costs and option fees. No expenditure was recognised on Kalaka and Gurara for the period following the acquisition an associate interest by DFR until the year end, these associates being already in deficit, a share of loss to an extent of \$500, limited to the value of the Company's investment in the associate has been recognised. Future contribution to either Gurara or Kalaka by the Company will be charged directly to the income statement until such time those associates have positive net assets. Expenses to an extent of \$10,119 (2021: \$14,842) have been recognised on the Beravina project for the year ended December 31, 2022, after allowing for a credit of \$8,437 conversion differences. Expenses incurred in relation to the Namibian subsidiaries have been disclosed separately under *Discontinued Operations* (see note 11 of the financial statements).

The acquisition and restructuring of Moydow (the "Transaction") (see note *Asset Acquisitions*) gave rise to mineral asset in the value \$14,562,694, expensed in line with the Company's accounting policies. The Transaction, entitled the Company to an 80% interest in the Cascades project, 40% indirect interest in the Kalaka project and 25.5% in several mineral licenses in Nigeria, and involved the issuance of 71,880,320 common DFR shares at a deemed price of C\$0.185 to previous Moydow security holders in exchange for the Moydow securities they previously held.

The Company incurred \$1,434,682 (2021: \$526,997) on general and administrative overheads ("G&A") for the year ended December 31, 2022. The substantial increase in G&A costs, is mainly attributable to one off bonus of \$108,000 approved for each of the CFO and the COO, fees payable to the new CEO amounting to \$350,000 (in office as from January 2022), fees to the extent of \$51,080 paid to the TSXV pertaining to review of the Moydow transaction and new share issuance, participation costs to meetings and conferences, that were not attended during the previous year due to Covid-19 related restrictions amounted to \$28,800, legal fees related to the acquisition of Moydow to an extent of \$91,128, G&A and unallocated expenses of Moydow Holdings to an extent of \$178,434.

The Company increased the number of options issuable under its Fixed Stock Option Plan to 17,800,000 Stock Options on September 22, 2022, and granted 16,150,000 Stock Options to directors and officers of the Company on the same date. On December 6, 2022, the Company granted further 900,000 Stock Options to directors and management. All Stock Options granted in 2022 have an exercise price of C\$0.20 per share, shall vest after one year from the grant date and shall expire four years after the grant date. The grant of options gave rise to share-based compensation to an extent of \$1,075,048, out of which an amount of \$284,038 (vested) (2021: \$nil) has been recognised as an expense for the year ended December 31, 2022, the balance will be expensed (vested) during future reporting periods.

No gain or loss (2021: loss \$524,914) was recorded on derivative financial instruments (warrants) for the year ended December 31, 2022. The Canadian Dollar denominated 10,666,667 warrants previously held by Spirit Resources SARL ("Spirit"), the Company's then major shareholder, were exercised during the third quarter of 2021.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

3. RESULTS OF OPERATIONS (CONTINUED)

Review of selected financial and operating results (Continued)

The Company disposed of its previously owned Namibian subsidiaries (Diamond Fields (Namibia) (Pty) Ltd. and Namibian Diamond Company (Pty) Limited) on November 28, 2022 for: initial cash payment of \$150,000; annual payments of \$100,000, as to \$90,000 for license ML111, and \$5,000 each for licenses ML32 and ML139, from September 1, 2023 until the earlier of the buyer returning the license to the Company or September 1, 2035 (the "Deferred Income"); and, a 1% royalty of net sales from the Namibian licenses. The Company only accounted the initial payment of \$150,000 as proceeds for the year ended December 31, 2022, and will account for future income in the period the annual payments and any royalty are received.

4. REVIEW OF OPERATIONS

Exploration Projects

Cascades (Gold) – Burkina Faso

The Cascades gold exploration project comprising initially of an option for the WUO Land ("WUO Land 1") exploration license, broadened in geographic scope through the acquisition of an option to acquire the WUO Land 2 exploration license, which is contiguous to the WUO Land 1 license. Both option agreements relate to the Cascades project, same ultimate owner and 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 WUO Land 1 option agreement gives Moydow exclusive rights until May 27, 2024 to purchase 100% of the License Holder's interest in the WUO Land 1 exploration license for a payment of USD 1,000,000. Moreover, an amount of USD 50,000 is payable annually to the License Holder until May 27, 2023. An additional payment of USD 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 retains a 1% net smelter return royalty ("NSR") on all gold produced up to a total aggregate payment of USD 2,000,000. The WUO1 exploration permit (*Permis de Recherche*) was renewed for three years in 2021 and will be due for renewal on March 5, 2024.

The WUO Land 2 option agreement gives Moydow exclusive rights to purchase 100% of the License Holder's interest in the WUO Land 2 exploration license for an aggregate payment of \$500,000, out of which \$200,000 has been paid and two payments of \$150,000 each were due and payable in 2023 prior to exercising the WUO2 option. The License Holder and the Company have entered into an amendment agreement for WUO Land 2 in December 2022 pursuant to which: DFR shall have an option to pay \$25,000 to the License Holder prior to December 31, 2022, to delay the first \$150,000 payment until January 31, 2024; and, an option to pay the License Holder \$25,000 by May 31, 2023 to delay the second \$150,000 payment until May 31, 2024. DFR has paid the first \$25,000 in December 2022 and exercised the option to delay payment of the first \$150,000 until January 2024. 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 WUO Land 2 exploration permit (*Permis de Recherche*) was granted for a three-year period on November 13, 2018 and was recently renewed for a further three-year period until November 12, 2024.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Cascades (Gold) – Burkina Faso (Continued)

Moydow has explored the area since August 2020 and has benefitted from exploration activities undertaken at Cascades by previous operators, High River Gold Mines Limited (“HRG”) (now Nord Gold SE (“Nord Gold”)) and Taurus Gold Limited (“Taurus”) having 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 USD 3,000,000.

Historic information includes over 65,000m of drilling (541 holes) completed across multiple drilling campaigns by HRG and Taurus, consisting of principally diamond and RC drilling. Mineralization has been intercepted in three main zones over a 14km strike length. Previous historical drilling and historical artisanal mining has demonstrated continuity of mineralization within two of the three zones over strike lengths of up to 9km. Historical ground IP surveys, acquired by the Company, highlight the opportunity for further extensions and additional zones. Prior to its acquisition by DFR, Moydow consolidated all the previous exploration data into a single database for the first time in the project's history. The database includes an extensive amount of information, including drilling and soil sampling data, ground and airborne geophysics and Lidar surveys.

Moydow completed its inaugural exploration drilling program, which included 4,739m of reverse core (RC) drilling, comprising twin drilling of 23 holes in two areas of known, high grade mineralization, 2 infill holes as well as 4 exploration drill holes to test potential extensions. Two holes required re-drilling. The results of the Moydow drilling showed strong reproducibility of the HRG and Taurus drill data both in terms of location of mineralization and grade. Moreover, the brownfields exploration drilling showed good predictability of the location of mineralization in extensional drilling to the mineral resource. The HRG, Taurus and Moydow data was therefore taken as sufficiently accurate to be used in the estimation of the maiden mineral resource estimates (MRE) for Cascades. On October 25, 2021, the Company announced a maiden Mineral Resource prepared in accordance with National Instrument 43-101 for the Company's Cascades project, reporting:

- Indicated resource of 5.41 million tonnes at an average grade of 1.52 g/t Au for a total 264,000 ounces of gold; and
- Inferred resource of 6.93 million tonnes at an average grade of 1.67 g/t Au for a total of 371,000 ounces of gold.

The MRE for the Cascades Project has been prepared by Mr. Ivor W.O. Jones, M.Sc., FAusIMM, P.Geo, for Aurum Consulting, who is an independent Qualified person (QP) under NI 43-101 guidelines. The maiden Mineral Resource and its preparation have been detailed in a technical report, entitled Diamond Fields Resources Inc. Cascades Project 2021-10, prepared in accordance with NI 43-101 and filed on SEDAR by the Company on December 3, 2021. On April 20, 2022, an amended technical report was filed clarifying that no exploration or drilling was done by DFR, no properties within close proximity to the project could be considered relevant to the project and that the qualified persons were independent from Moydow and Panthera Resources plc (which currently holds the remaining 20% interest in the project).

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Cascades (Gold) – Burkina Faso (continued)

The MRE was estimated using ordinary kriging methodologies, standard estimation practices and constrained by an open-pit evaluation based on a \$1,900 per ounce gold price and reported using a cut-off grade of 0.5 grams of gold per tonne ("g/t Au"). The MRE is based upon a total of 69,787 meters of drilling from 566 drill holes which includes the confirmatory, twin and infill drilling of 4739 meters for 31 holes (detailed above) undertaken by Moydow in 2021. Preliminary metallurgical results from historical metallurgical samples, supported by extensive LeachWELL (proprietary accelerated cyanide leach technique) data from Moydow drilling samples, indicate that gold is readily treatable by conventional cyanide leaching techniques after grinding to industry standard grind-sizes of approximately 80% passing 120 microns. Recoveries are in the range of 90% and 98% in the oxide zone and between 82% and 93% in the transition/sulfide zone. Moydow has estimated the amount of the resource that has been depleted by artisanal mining to be approximately 341,000 tonnes at 3 g/t Au.

Mr. David J Reading, M.Sc., FIMM, Fellow of the Society of Economic Geologists (SEG) a Director to the Company and a Qualified Person as defined under Canadian National Instrument 43 101 – Standards of Disclosure for Mineral Projects ("NI 43 101"), has reviewed and approved the technical information contained in this report.

Prior to the completion of its acquisition by DFR, Moydow started a drilling program at Cascades during the second quarter of 2022 (the "2022 Drilling Campaign") incorporating infill resource definition and step out drilling at the Daramandougou area (21 RC holes for an aggregate of 2,454 meters) and first-pass exploration drilling on two new previously untested targets in the newly acquired Wuo Land 2 concession (as announced on 11 March 2022), namely the TT-13 and the Big South targets (22 holes). All holes were drilled at an inclination of 53-55 degrees and an azimuth of 120 degree, aggregating 4,975 meters, the results were announced on September 6, 2022. Initial results from the 2022 Drilling Campaign support the presence of a significant new gold zone within the Wuo Land 2 area – the TT-13 target. In addition, infill drilling has added important further definition to DFR's geological model based on historical drilling. High grade mineralisation intersected in the Western Zone. Recent additional test work supports the view that the gold is essentially free milling, in line with the regional metallurgy.

Subsequent to the year end, during the first quarter of 2023, the Company started an initial 5,000 metres phase of a 10,000 metres drilling campaign targeting extensions to the current resources and several new targets. At the time of issuing this MD&A the drill samples were being assayed and results were being analysed.

In line with the agreements among DFR, Moydow and Panthera announced on August 25, 2021 (the "Definitive Agreements"), 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 (the "Deemed Cost Base") in the project by September 30, 2026. 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 (defined as the earlier of DFR achieving the Deemed Cost Base or September 30, 2026), thereafter, all interests shall be participating.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Cascades (Gold) - Burkina Faso (continued)

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 of the three members of the management committee and to an operator fee.

The Company incurred \$460,227 expenditures incurred on Cascades project (from the date of acquisition onwards), expenses incurred on Cascades prior to the acquisition is reported as part of the \$14,562,694 mineral asset expensed in the income statement (see note 21(iii) of the Financial Statements).

Kalaka (Gold) – Mali

The Kalaka gold project is located 260km southeast of Bamako in South Mali, 80km south of the 8 million oz Morila gold mine owned by Barrick/Anglo Gold Ashanti and 85km northwest of the 6 million oz Syama gold mine owned by Resolute.

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 Limited, a BVI company ("Maniger") held as to 50% by DFR and 50% by Panthera. The Company (through Moydow) has complied with all required financial obligations pertaining to the Kalaka JV up to December 31, 2022. The Company is required to fund its share of circa \$300,000 into the Kalaka project for year 2023 and has started to participate in the Kalaka cash call in January 2023. 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.

Previous exploration work at Kalaka includes 7,349 soil samples, airborne geophysics comprising 909-line km magnetics and EM, ground IP and 20,952m RAB, AC, RC and DD drilling in 372 holes. This work indicates a large, low-grade zone of mineralization with multiple drill intersections exceeding 150m at the 0.5 g/t Au level at the K1A prospect, just one of several similar targets within the 62.5km² permit area along an interpreted 47km combined strike. Similarities between the mineralization at K1A and Morila have been noted, in particular, the early intrusion hosted mineralization at Morila. During 2021, an extent of 2,430 metre AC drilling in 94 drill holes, aimed at defining RC drill targets took place at Kalaka, the results announced by Panthera during early 2022, concluded that anomalous gold intersected at all targets tested.

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 holds the remaining 20% participating interest.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Gurara (Gold), Nigeria (Continued)

Nigeria (Gold)

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 licenses through three Nigerian companies and operated through a joint venture agreement (the "Gurara JVA"), was spun off (together with the Kalaka gold project) and brought under a new holding company, Maniger Limited, a BVI company ("Maniger") held as to 50% by DFR and 50% by Panthera.

Historically very little systematic, modern exploration has been undertaken on the Nigeria projects. The projects are located within the gold-bearing ("Schist Belt") terrain of the Benin-Nigeria Shield, which has broad similarities to the Birimian of the Man Shield of West Africa.

The "Gurara JVA" involves the following parties:

- (1) Moydow Holdings Limited ("Moydow");
- (2) Zinariya Mining Limited ("Zinariya"), a BVI company. Zinariya owns the remaining interest in Gurara;
- (3) Gurara Holdings Limited ("Gurara"), a BVI Company, which holds 99.99% in three Nigerian companies which in turn holds 100% of several mineral licenses ; and,
- (4) PW Nigeria Mining Ltd ("PW Mining"), a Nigeria company which operate the joint venture.

Pursuant to the Gurara JVA:

- Zinariya granted a first option to Moydow to acquire a 51% interest in Gurara by investing a total of \$1,000,000 prior to September 30, 2021 (the "First Option"). Moydow achieved the required expenditure to earn the First Option after September 30, 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 (now Maniger, following the spin-off,) 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 at project level since earning the 51% interest.

Madagascar "Beravina" Zircon

In 2016, the Company acquired the Beravina zircon project in Madagascar. Beravina is a pegmatite-hosted, hard rock, zircon deposit located approximately 325 kilometers west-northwest of Antananarivo, the capital of Madagascar. The deposit is characterized by a small surface footprint, with the mineralised pegmatite describing a steeply dipping cone-shaped structure.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management’s Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Madagascar, Beravina (Zircon) (Continued)

On January 29, 2019, the Company filed a technical report, entitled the Diamond Fields Resources Inc. Beravina Zircon Project Madagascar – NI 43-101 Technical Report (the “Beravina Technical Report”), disclosing an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO₄) (equivalent to 15.3% ZrO₂). The Technical Report has been reviewed and approved by Jeremy C. Witley, Pr. Sci. Nat. (Geological Science) of the MSA Group. Mr Witley is a Qualified Person (as that term is defined by National Instrument 43-101) and is independent of the Company. The Beravina Technical Report is available on SEDAR and the Company’s website, with the reported resource summarised below.

Category	Tonnes (Millions)	ZrO ₂ %	ZrSiO ₄ %	HfO ₂ %	ThO ₂ ppm	U ₃ O ₈ ppm	Density t/m ³
Inferred	1.5	15.3	22.7	0.3	537	46	3.1

Various consultants (SGS South Africa, HATCH and the MSA Group) have conducted analyses of the Beravina mineralisation, mineralogy, metallurgy and other deposit characteristics, results from further metallurgical and material processing tests released in October 2018 confirmed that zircon can be concentrated to levels of between 50% ZrO₂ and 58% ZrO₂ with varying levels of thorium ingraind.

On May 16, 2019, the Company entered into a cooperation agreement (the “Cooperation Agreement”) with TMH Acquisition Co. (“TMH”) to advance the Company’s Beravina project (the “Project”) in Madagascar, and performed certain work. The Cooperation Agreement expired in 2021 and the Company is considering its options for the Beravina project. Major zircon producers are reporting strong demand for their product which is expected to prevail over the medium term.

During the year ended December 31, 2022, an appointed consultant completed an imagery survey and recommended surface sampling which the Company will undertake during the year 2023. Most of the expenses incurred in relation to the Beravina project for the year relate to core storage and for keeping the Company’s Madagascar subsidiary and the Beravina license in good standing.

Mr. David J Reading, M.Sc., FIMM, Fellow of the Society of Economic Geologists (SEG), a director to the Company and a Qualified Person as defined under Canadian National Instrument 43 101 – Standards of Disclosure for Mineral Projects (“NI 43 101”), has reviewed and approved the technical information contained in this report.

Namibian Marine Diamond Concessions

The Company sold its Namibian subsidiaries 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, who beneficially owns 39% of the Company’s issued and outstanding common shares. The disposal has been approved by a majority of disinterested shareholders. Pursuant to the agreements, JBDM has acquired the Company’s interest in Namibia consisting of 100% interest in Diamond Fields (Namibia) (Pty) Ltd. (DFN) and 70% of Namibian Diamond Company (Pty) Ltd. (NDC) (the “Namibian Assets”). DFN holds mineral licenses ML111 and ML139, and NDC holds ML32.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management’s Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Namibian Marine Diamond Concessions (continued)

In consideration for the Namibian Assets, the Company is entitled to: 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 license to the Company or September 1, 2035; and, payment of a 1% net sales royalty. As part of the agreements with JBDM, the Company assigned to JBDM a loan to an extent of \$8,128,306 receivable by the Company from DFN, which based on the current financial condition of DFN is fully impaired. The results of the Namibian Concessions have been reported as ‘discontinued operations’ until the date of sale.

5. SELECTED QUARTERLY FINANCIAL INFORMATION

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

<i>All amounts in US\$</i>	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021	Mar 31 2021
Other income gains (loss) on sale of assets	-	-	-	-	-	-	-	-
(Loss) Net profit	(552,836)	(724,889)	(14,877,237)	(583,784)	(252,326)	840,929	1,131,138	(2,274,203)
Basic (loss) earnings per share	0.00	(0.00)	(0.18)	(0.01)	(0.00)	0.01	0.01	(0.03)

6. CAPITAL RESOURCES AND LIQUIDITY

(i) Cash and Working Capital

As at December 31, 2022, the Company had \$1,323,739 (December 31, 2021: (\$64,385)) working capital including cash amounting to \$1,346,259 (December 31, 2021: \$265,177). The increase in working capital is mainly attributable to: an increase in accounts receivable amounting to \$311,572 (further described below); and the increase in cash balance. The increase in cash balance is attributable to equity financing and exercise of options amounting to \$4,779,153, proceeds of \$150,000 from the initial payment for the sale of the Namibian subsidiaries, cash acquired on acquisition of Moydow \$96,742 and interest received \$9,822 partly offset by operating expenses and payment of creditors to an extent of \$4,052,447. Concurrent to the closing of the Moydow transaction, the Company raised \$4,499,236 in cash (and \$87,500 debt set off with an insider), of which \$2,183,269 have been used to pay Moydow’s creditors. The Company received \$79,749 from the exercise of 700,000 share options during the first quarter and further \$200,168 from the exercise of 1,780,631 share options during the third quarter of 2022. An amount of \$102,822 has been set off against amounts payable to a director upon the exercise of 950,000 share options by the latter. Further information on the financings is provided under *note (ii)* below.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

6. CAPITAL RESOURCES AND LIQUIDITY (CONTINUED)

(i) Cash and Working Capital (continued)

Other receivables amounting to \$365,084 includes prepayment for value added tax and deposits \$355,299 and amounts due from related companies \$9,785.

Current Liabilities as at 31 December 2022 amounting to \$387,604 include mainly: unpaid invoices for previous drilling services amounting to \$68,831; an amount of \$110,000 in relation to deferred consideration payable to Panthera Resources Plc for the acquisition of the Panthera Mali SARL (which holds the Kalaka license) in 2021; tax, accounting, audit and other professional fees not yet invoiced for the year ended December 31, 2022 amounting to \$98,000; and, the balance represent mainly creditors for the Cascades project.

(ii) Share and loans transactions

The Company had 79,562,329 issued and outstanding common shares as at December 31, 2021. During the first quarter, 700,000 common shares have been issued following the exercise of options (with an exercise price of C\$0.145 each) by a director. On exercise of the options, a fair value adjustment of \$75,118 was recognized in the contributed surplus reserve. During the third quarter of the year 2022, Stock Option holders exercised 2,730,631 options with an exercise price of C\$0.145 for \$200,168 cash and \$102,822 debt settlement, giving rise to fair value adjustment in the amount of \$268,846.

Concurrent to closing the Moydow transaction, the Company issued 71,880,320 common shares to the security holders of Moydow at a deemed price of C\$0.185 per share in consideration for: an 80% interest in Moydow (which holds an option to acquire the Cascades licenses); a 50% interest in Maniger which gives DFR a 40% participating interest in the Kalaka project and a 25.5% participating interest in the Nigerian gold projects. The Company also issued an aggregate of 6,160,072 shares to Spirit Resources SARL and Brian Kiernan at a subscription price of \$0.217 per share for cash, amounting to \$1,336,736, pursuant to the founders' agreements, announced as part of the definitive agreements pursuant to the Moydow transaction on August 25, 2021.

Additionally, 20,637,500 shares were issued to various subscribers at C\$0.20 per share, as to \$3,162,500 for cash and \$87,500 for services provided by an insider such that as at December 31, 2022, an aggregate of 181,670,852 shares were issued and outstanding.

(iii) Stock options and warrants

The Company operates a fixed, less than 10% Stock Plan and has approval to issue up to a maximum of 6,789,000 stock options. At December 31, 2021, the Company had 5,150,000 stock options granted and outstanding, with exercise price of C\$0.145 each, out of which 700,000 have been exercised on February 23, 2022 and 2,730,631 exercised on July 26, 2022. On exercise of the options, fair value adjustment of \$75,118 and \$268,846 were reclassified from the contributed surplus reserve to share capital during the first and third quarter respectively. During the Shareholders meeting held on June 9, 2022, the Shareholders approved increasing the number of options issuable under the Company's Fixed Stock Plan to 17,800,000 and accordingly on September 22, 2022, the company increased the number of options issuable to 17,800,000 and granted 16,150,000 stock options with a strike price of C\$0.20 per share to directors and officers of the Company. On December 6, 2022, the Company granted further 900,000 Stock Options to management and directors. An aggregate of 1,119,369 stock options have expired during the year.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

6. CAPITAL RESOURCES AND LIQUIDITY (CONTINUED)

(iii) Stock options and warrants (continued)

Following the above, 17,650,000 Stock Options were issued and outstanding as at December 31, 2022 with an average price of C\$0.198. Share-based compensation arising on the grant of new options during the year amounted to \$1,075,048, out of which an amount of \$284,038 (2021: \$nil) has been recognised as an expense for the year ended December 31, 2022.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

(i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and other parties by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed under Note 13 of the financial statements.

(ii) Deferred Consideration

The disposal of the Namibian subsidiaries includes components of deferred consideration which have been discounted to reflect the present value of future cashflow (annual payments). Estimating fair value of future income requires determining the appropriate rate of discount taking into consideration the risks associated with the future income. The future income is dependent on whether the buyer of the Namibian subsidiaries continues to maintain the licenses until the year 2035.

(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.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

ADOPTION OF NEW ACCOUNTING STANDARDS & OTHER PROPOSED FUTURE ACCOUNTING CHANGES

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

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 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.

8. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS

(i) Capital Management

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

The Company's capital consists of shareholders' equity. The Company's policy is to fund ongoing exploration activities, as well as its administration and corporate activities, from the issuance of shares and debt instruments. The Company may acquire additional funds from capital or debt markets where advantageous circumstances arise. The Company assesses capital and debt markets on a case-by-case basis to minimize the cost of capital in the prevailing markets and maintain an optimal capital structure. The Company plans to raise capital or borrow funds, although there is no certainty that such financing will be available on terms acceptable to the Company.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

8. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(i) Capital Management

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. No investments in asset backed commercial paper are used. There are no outside restrictions on the Company's capital.

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

(ii) Financial Instrument Risks

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

Market Risk

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

Foreign currency risk

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

Interest rate risk

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

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

Equity price risk

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

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

9. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(ii) Financial Instruments risks

Commodity price risk

Commodity price risk is the uncertainty associated with the valuation of assets arising from changes in price of commodities. Though the Company is at an early exploration stage, it is exposed to price risk as fluctuations in the price of gold may affect its ability to raise finance.

Credit risk

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

Liquidity risk

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

10. RISK FACTORS

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

(i) Additional Financing Requirements

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

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

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

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

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

10. RISK FACTORS (CONTINUED)

(iii) Political Risks

The Company strives to minimize political risk by monitoring events in countries where it operates or where it considers operating, and by complying with local laws and regulations. The Company operates and conducts exploration activities in countries which have experienced civil unrest and/or civil warfare in recent years. It attempts to minimize the risks inherent in conducting operations and exploration in frontier areas by monitoring local conditions and avoiding high risk areas. Moreover, political risks may bring uncertainties to the market and impede on the Company's ability to raise funds without risks of dilution.

(iv) Geopolitical Risks

The geopolitical situation in Eastern Europe has intensified, affecting supplies, prices and exchange rates, and to a certain extent junior exploration companies' share price and ability to raise funds. Whereas the Company may have very limited exposure in relation to its assets and people, and has been able to rely on its shareholders for funding, there is no certainty that the Company will be able to raise finance in the medium term, and if it does so, there are risks of substantial dilution.

(v) Estimates of reserves and resources are inherently uncertain

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being mined or dedicated to future production. Until reserves or resources are mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on gold, zircon and other prices, operating costs and mining efficiency. Any material change in the quantity of reserves, resources or grade may affect the economic viability of the relevant concessions. Gold and other precious minerals within accessible areas are subject to artisanal mining. The accuracy of resource measurement is likely to be affected due to the subjectivity of estimating the level of depletion due to artisanal mining.

(vi) Operating History

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

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

The Beravina deposit has a NI 43-101 Inferred Mineral Resource estimate. Results from test work showed that zircon can be concentrated between 50% ZrO₂ and 58% ZrO₂ with varying levels of thorium ingrained. Whilst the Company anticipates doing further work, including evaluation of additional processing techniques to improve concentrate grade and remove deleterious elements, as well as market testing of various potential products, there is no certainty that the Company will achieve product grade and quality that can be sold at all, or at viable prices.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

10. RISK FACTORS (CONTINUED)

(viii) Title can be uncertain

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

(ix) Infrastructure

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

(x) Joint venture risks

The Company's associates in Mali and Nigeria are operated through joint venture partners. In the unfortunate event any joint venture partner encounters difficulties to finance their share of contribution to any project, the Company runs the risk of non-performance and losing title to the project.

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

The price of the common shares, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in commodity prices. Future serious price declines in the market value of certain commodities could cause continued development of the Company's properties to be impracticable.

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

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

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

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

10. RISK FACTORS (CONTINUED)

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

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

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

(xiii) Competition

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

(xiv) Key Executives

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

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

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

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management’s Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

10. RISK FACTORS (CONTINUED)

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

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

11. OUTSTANDING SHARE DATA

Movement on shares and stock options have been reported under “Capital Resources and Liquidity” section of this MD&A. A total of 79,562,329 common shares were issued and outstanding as at December 31, 2021.

Concurrent to closing of the Moydow transaction, on June 28, 2022, the Company issued 71,880,320 common shares to the security holders of Moydow at a deemed price of C\$0.185 per share in consideration for: a 80% interest in Moydow (which holds an option to acquire the Cascades licenses); a 50% interest in Maniger which gives DFR a 40% indirect interest in the Kalaka project and 25.5% indirect interest in the Nigerian gold projects. The Company also issued 6,160,072 shares to Spirit Resources SARL and Brian Kiernan at a subscription price of \$0.217 per share, for cash, amounting to \$1,336,736 pursuant to the founders’ pursuant to the Definitive Agreements. The Company issued, pursuant to a private placement announced on March 11, 2022, 20,637,500 shares to various subscribers at C\$0.20 per share, as to \$3,162,500 for cash and \$87,500 for services provided by an insider.

Moreover, option holders exercised 3,430,631 share options during the year, as a result, at December 31, 2022, an aggregate of 181,670,852 common shares were issued and outstanding.

12. RELATED PARTY TRANSACTIONS

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

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

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

¹Include a special bonus of \$108,000 approved by the Board for each of Sybrand Van Der Spuy and Jean Lindberg Charles.

²Mr. Albert C Gourley, currently serves as a director, and was chairman of the Board until July 11, 2022 and is also the Regional Managing Partner of law firm Fasken Martineau LLP London.

³Mr. Brian Kiernan, currently serves as a director and chairman of the Board and is also a major shareholder of Minerex Limited which provides support services to the Company

⁴Mr. Brian Kiernan indirectly holds a minority interest in, and serves as a director of, Minerex Drilling Contractors which provides drilling services to the Company in Burkina Faso.

Notes:

G&A – denotes general and administration expenses

E&E – denotes exploration and evaluation expenses

13. ASSET ACQUISITIONS

On August 25, 2021, the Company announced it has entered into definitive agreements (the “Definitive Agreements”) to acquire a controlling interest in Moydow Holdings Limited (“Moydow”) (the “Transaction”) which before completion of the transaction and restructuring held interest in a number of West African gold exploration projects. The Transaction was completed on June 28, 2022 and obtained approval from the TSX Venture exchange on July 11, 2022.

The Transaction involved a combined restructuring of Moydow’s shareholdings and a securities exchange with all the security holders of Moydow, other than Panthera, at the ratio of 16.46 DFR common shares for each Moydow common share (the “Exchange Ratio”) and 8.93 DFR shares for each Moydow share option, so that DFR has issued in aggregate 71,880,320 shares to the security holders of Moydow in consideration for its stake in the Moydow’s portfolio.

Pursuant to the Definitive Agreements, following closing the transaction, DFR has acquired:

- 80% interest in Moydow, which owns an option (until May 27, 2024) to acquire 100% of the Cascades (formerly Labola) (Wuo Land) license against further payment of US\$ 1 million. 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. DFR has incurred qualifying expenditures, including operator’s fees, amounting to \$2,424,724 since the date of the Definitive Agreements until December 31, 2022.
- 40% indirect interest in the Kalaka (Mali) license which is intended to be operated by PAT which also holds 40% interest in Kalaka and the remaining 20% interest is held by a local company.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

13. ASSET ACQUISITIONS (CONTINUED)

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

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

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

(a) Spirit Resources SARL

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

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

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

(b) Brian Kiernan

Brian Kiernan has agreed to exercise \$350,000 of his options in Moydow (the "Moydow Options") which have been exchanged for common shares of DFR at the Exchange Ratio on closing of the Transaction and to make 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 conditional on the closing of the Transaction. The exercise of the Moydow Options and the subscription, together with the previous exercise \$250,000 Moydow Options by Brian Kiernan, has resulted in an aggregate capital subscription of \$1,500,000. Upon closing, considering the New Financing (see below), Brian Kiernan will held 37.1% of DFR's issued and outstanding common shares. As such, Brian Kiernan is, since completion of the Moydow acquisition, considered a *Control Person* under the TSXV rules. During the last quarter of 2021, Brian Kiernan has exercised the 350,000 Moydow Options, earlier than scheduled.

Following closing of the Transaction, the Company issued an aggregate of 6,160,072 DFR common shares at \$0.217 each to Brian Kiernan and Spirit Resources SARL for aggregate proceeds of \$1,336,736.

DFR GOLD INC. (formerly Diamond Fields Resources Inc.)
Management's Discussion and Analysis
For the year ended December 31, 2022
(All amounts are expressed in U.S. dollars except where otherwise indicated)

13. ASSET ACQUISITIONS (CONTINUED)

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

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

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

Following closing of the Transaction, the Company issued an aggregate of 20,637,500 DFR common shares at C\$0.20 each to the subscribers, being \$3,162,500 for cash and \$87,500 for insider debt settlement.

Management and Board

John McGloin has been appointed as a Director, President and Chief Executive Officer, effective January 1, 2022. Following completion of the Moydow transaction, Brian Kiernan was appointed as a Non-Executive Director and Chairman of the Board, and Len Comerford and Carlo Baravalle have been appointed as Non-Executive Directors and three directors, namely Phil Murphy, Francois Colette and Rod Baker stood down from the Board. The changes to the Board became effective on July 11, 2022, The new Board of directors consists of: Brian Kiernan, Director and Chairman of the Board; John McGloin, Director, President and CEO; Sybrand Van Der Spuy, Director and COO; Al Gourley, Bertrand Boulle, David Reading, Len Comerford and Carlo Baravalle, non-executive directors. Jean Lindberg Charles continues to serve as CFO and Secretary.

Closing, Halt and Resumption of Trading

Following completion of the Transaction on June 28, 2022 and final approval from the TSX Venture exchange on July 11, 2022, the Company's stock which was halted since August 25, 2021 has resumed trading on July 13, 2022.

14. 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, the Company changed its name to 'DFR Gold Inc.'
- (ii) On April 6, 2023, DFR announced a private placement of unsecured convertible debentures ("Debentures") for an aggregate amount of \$1,705,750, with insiders. The Debentures, bearing interest at 12.5% per annum, payable on maturity, will mature on February 29, 2024, unless converted earlier in accordance with their terms.