DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Unaudited condensed consolidated interim financial statements
For the three-months period ended March 31, 2023

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument NI 51-102 released by Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed consolidated interim financial statements for the three-months period ended March 31, 2023.

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Condensed consolidated statements of financial position
At March 31, 2023
(All amounts are expressed in United States dollars)

	Notes	(Unaudited) March 31, 2023	(Audited) December 31, 2022
		$	**$**
ASSETS			
Current assets			
Cash and cash equivalents	**7**	**1,188,692**	1,346,259
Other receivables	**8**	**418,856**	365,084
		1,607,548	1,711,343
Non-current assets			
Property, plant, and equipment	**9**	**35,253**	36,448
		35,253	36,448
Total assets		**1,642,801**	1,747,791
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**12**	**1,230,973**	271,807
Borrowings	**13**	**5,797**	5,797
Deferred consideration payable	**14**	**110,000**	110,000
		1,346,770	387,604
EQUITY AND RESERVES			
Share capital	**15**	**72,504,412**	72,504,412
Contributed surplus	**15**	**4,380,710**	4,115,630
Accumulated deficit		**(78,877,932)**	(77,715,606)
Foreign currency translation reserve		**(19,839)**	(3,732)
Deficit		**(2,012,649)**	(1,099,296)
Non-controlling interests	**16**	**2,308,680**	2,459,483
Total equity		**296,031**	1,360,187
Total equity and liabilities		**1,642,801**	1,747,791

Events after the reporting period (Note 24)

"John McGloin"
Director

"Bertrand Boulle"
Director

The above condensed consolidated statements of financial position should be read in conjunction with the accompanying notes on pages 7 to 38.

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Consolidated statements of profit or loss and other comprehensive income (loss)
For the three-months period ended March 31, 2023
(All amounts are expressed in United States dollars)

	Notes	**(Unaudited) Three-months period ended March 31, 2023**	(Unaudited) Three-months period ended March 31, 2022*
		$	$
CONTINUING OPERATIONS			
Operating expenses			
Share-based compensation	**15(iii)**	**(265,080)**	-
Exploration and evaluation:			
- Exploration and evaluation expenses	**17**	**(708,721)**	(127,301)
General and administrative expenses	**18**	**(330,828)**	(444,818)
		(1,304,629)	(572,119)
Interest income		**4,304**	-
Share of loss of joint venture	**10(b)**	**(23,465)**	-
Foreign exchange gain		**14,688**	713
		(4,473)	713
Net loss for the period from continuing operations		**(1,309,102)**	(571,406)
DISCONTINUED OPERATIONS			
Loss from discontinued operations	**11(i)**	**-**	(12,378)
Net loss for the period		**(1,309,102)**	(583,784)
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(20,134)**	(2,992)
Total comprehensive loss for the period		**(1,329,236)**	(586,776)
Loss attributable to:			
- Equity shareholders - Continuing operations		**(1,162,326)**	(571,406)
- Equity shareholders – Discontinued operations		**-**	(12,378)
- Non-controlling interest		**(146,776)**	-
		(1,309,102)	(583,784)
Total comprehensive loss attributable to:			
- Equity shareholders - Continuing operations		**(1,178,433)**	(574,398)
- Equity shareholders – Discontinued operations		**-**	(12,378)
- Non-controlling interest		**(150,803)**	-
		(1,329,236)	(586,776)

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Consolidated statements of profit or loss and other comprehensive income (loss)
For the three-months period ended March 31, 2023
(All amounts are expressed in United States dollars)

	Notes	**(Unaudited) Three-months period ended March 31, 2023**	(Unaudited) Three-months period ended March 31, 2022*
		$	$
Loss per share from continuing operations:			
- Basic and diluted		**(0.01)**	(0.01)
Loss per share from discontinuing operations:			
- Basic and diluted		**(0.00)**	(0.00)
Total loss per share:			
- Basic and diluted		**(0.01)**	(0.01)
Weighted average number of common shares outstanding:			
- Basic and diluted		**181,670,852**	79,842,329

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

The above condensed consolidated statements of profit or loss and other comprehensive income (loss) should be read in conjunction with the accompanying notes on pages 7 to 38.

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Condensed consolidated statements of changes in equity (deficiency)
For the three-months period ended March 31, 2023
(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 January 1, 2022	79,562,329	56,848,151	4,175,556	(61,098,338)	10,246	-	(64,385)
Issuance of shares on exercise of warrants	700,000	79,749	-	-	-	-	79,749
Fair value adjustment on exercise of Stock Options	-	75,118	(75,118)	-	-	-	-
Loss for the period	-	-	-	(583,784)	-	-	(583,784)
Other comprehensive income - Translation adjustment	-	-	-	-	(2,992)	-	(2,992)
Balance at March 31, 2022	80,262,329	57,003,018	4,100,438	(61,682,122)	7,254	-	(571,412)
Balance at January 1, 2023	181,670,852	72,504,412	4,115,630	(77,715,606)	(3,732)	2,459,483	1,360,187
Loss for the period	-	-	-	(1,162,326)	-	(146,776)	(1,309,102)
Other comprehensive income - Translation adjustment	-	-	-	-	(16,107)	(4,027)	(20,134)
Stock Options granted	-	-	265,080	-	-	-	265,080
Balance at March 31, 2023	**181,670,852**	**72,504,412**	**4,380,710**	**(78,877,932)**	**(19,839)**	**2,308,680**	**296,031**

The above condensed consolidated statements of changes in equity should be read in conjunction with the accompanying notes on pages 7 to 38.

DFR GOLD INC. ***(formerly known as Diamond Fields Resources Inc.)***
Condensed consolidated statements of cash flows
For the three-months period ended March 31, 2023
(All amounts are expressed in United States dollars)

	Notes	**(Unaudited) Three-months period ended March 31, 2023**	(Unaudited) Three-months period ended March 31, 2022
		$	$
Cash flows from operating activities			
Net loss for the period from continuing operations		**(1,309,102)**	(571,406)
Adjustments for non-cash items:			
Share-based compensation	**15(iii)**	**265,080**	-
Foreign exchange gains		**(20,134)**	(2,992)
Interest income		**(4,304)**	-
Depreciation charge	**9**	**1,195**	-
Share of loss of joint venture	**10(b)**	**23,465**	-
Changes in working capital:			
(Increase)/decrease in other receivables		**(53,772)**	3,663
Increase in accounts payable and accrued liabilities		**75,916**	402,840
Net cash used in continuing operations		**(1,021,656)**	(167,895)
Cash flows from investing activities			
Addition to interest in joint venture	**10(b)**	**(23,465)**	-
Interest received		**4,304**	-
Net cash used in investing activities		**(19,161)**	-
Cash flows from financing activities			
Proceeds from issue of shares (net)		**-**	79,749
Advance from insiders and management of DFR	**12**	**883,250**	-
Net cash generated from financing activities		**883,250**	79,749
Net cash flows from discontinued operations		**-**	(12,378)
Net decrease in cash and cash equivalents		**(157,567)**	(100,524)
Cash and cash equivalents at beginning of the period		**1,346,259**	265,177
Cash and cash equivalents at end of the period	**7**	**1,188,692**	164,653

Supplemental cash flow information (Note 7)

The above condensed consolidated statements of cash flows should be read in conjunction with the accompanying notes on pages 7 to 38.

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 and mine development in West Africa and Madagascar. 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 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 were 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 had a material impact on the Company's business as summarized below:

- DFR 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 were 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 was 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 unaudited condensed consolidated interim 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 March 31, 2023, the Group had an accumulated deficit of $78,877,932 (March 31, 2022: $61,682,122) and incurred a net loss of $1,309,102 during the three-months period ended March 31, 2023 (March 31, 2022: $583,784).

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 condensed consolidated interim financial statements of the Company for the three-months period ended March 31, 2023 are unaudited and have been prepared in accordance with *IAS 34 'Interim Financial Reporting'* as issued by the International Accounting Standards Board ("IASB") and do not include all notes of the type normally included in an annual financial report.

The condensed consolidated interim financial statements have been prepared using the same accounting policies as the audited consolidated financial statements for the year ended December 31, 2022 and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

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 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 for the three-months period ended March 31, 2022 have been presented within 'Loss from discontinued operations' in the consolidated statement of profit or loss and other comprehensive income (loss). Thus, the prior period comparatives have been re-presented.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of directors on May 30, 2023.

4. BASIS OF MEASUREMENT

The unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The unaudited condensed consolidated interim 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 periods/years presented in these unaudited condensed consolidated interim 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

Subsidiaries

Subsidiaries are entities controlled by DFR (the "Parent"). The financial statements of subsidiaries are included in the unaudited condensed consolidated interim 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.

Transactions eliminated on consolidation

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

The unaudited condensed consolidated interim 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 are included in the consolidated financial statements from that date.

The subsidiaries listed in the table below were dormant and were deregistered. As a result, DFR deconsolidated these subsidiaries as at December 31, 2022. Upon deconsolidation, DFR no longer presents the subsidiaries' assets, liabilities, and results of operations in its unaudited condensed consolidated interim 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 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	70%

(d) Investments in jointly controlled entities and associated companies

Jointly controlled entities are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets and obligations for the liabilities of the joint arrangement. It is the contractually agreed sharing of control of an arrangement which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments in jointly controlled entities and associated companies (continued)

Associated companies are entities 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 jointly controlled entities and associated companies are accounted for using the equity method. Under the equity method, the Group's investments in associated companies and jointly controlled entities are recognised at cost plus the Group's share of post-acquisition profits or losses, other comprehensive income and other changes in equity, less any impairment in the value of individual investments. The Group's share of its jointly controlled entity and associated company post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition movements in reserves are recognised in the other comprehensive income (''OCI'').

The Group assesses at each reporting date whether there is an indication of impairment in respect of investment in associated companies and jointly controlled entities. If any such indication exists, the Group estimates the investment's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. 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. In determining fair value less costs to sell, an appropriate valuation model is used. If the recoverable amount of an investment (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the investment (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate. Dilution of gains and losses arising in investments in associated companies are recognised in profit or loss.

The Group discontinues the use of the equity method from the date when it ceases to have significant influence and the investment will then be measured at fair value. The Group recognises in the profit or loss the difference between the fair value of retained investment including any proceeds from disposal and the carrying amount of the investment at the date when significant influence is lost.

(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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Discontinued operations and disposal group held for sale (continued)

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.

(f) Foreign currencies

<u>Transactions and balances</u>

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).

<u>Subsidiaries</u>

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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:

(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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

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.

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Mineral properties (continued)

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.

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(l) *Earnings (loss) per share*

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

Diluted earnings (loss) per common share is computed by dividing the net profit (loss) for the period 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 period 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 period in which they occur. The Company does not have any rehabilitation provisions for the years presented.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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, 2023.

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

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after January 1, 2023 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:

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimate
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

New standards, interpretations and amendments not yet effective

- Amendments to IAS 1 - Non-current Liabilities with Covenants
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
- [1]Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

[1]*The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.*

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 unaudited condensed consolidated interim 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.

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 unaudited condensed consolidated interim 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 15.

(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.

(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.

(All amounts are expressed in United States dollars)

7. CASH AND CASH EQUIVALENTS

(a) *Analysis of cash and cash equivalents*

	March 31, 2023	December 31, 2022	March 31, 2022
	$	$	$
Bank balance	**1,188,692**	1,346,259	164,653
At March 31, 2023/December 31, 2022	**1,188,692**	1,346,259	164,653

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

At March 31, 2023			**Non-cash changes**		
	January 1, 2023	**Cash flows**	**Acquisition**	**Foreign exchange movement**	**March 31, 2023**
	$	**$**	**$**	**$**	**$**
Liabilities arising from financing activities	-	-	-	-	-
Cash & cash equivalents	1,346,259	(157,567)	-	-	1,188,692
Net (debt)/cash	1,346,259	(157,567)	-	-	1,188,692

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

(c) *Non-cash transactions*

There were not any significant non-cash transactions during the periods ended March 31, 2023 and 2022.

(All amounts are expressed in United States dollars)

8. OTHER RECEIVABLES

	March 31, 2023	December 31, 2022
	$	$
Amount due from related companies	**-**	9,785
Prepayments, value added tax and deposit	**418,856**	355,299
At March 31, 2023/December 31, 2022	**418,856**	365,084

9. 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
Additions	**-**	**-**	**-**
At March 31, 2023	**15,170**	**28,283**	**43,453**
Depreciation			
At January 1, 2022	-	-	-
Charge for the period	3,420	3,585	7,005
At December 31, 2022	3,420	3,585	7,005
Charge for the period	**-**	1,195	1,195
At March 31, 2023	**3,420**	**4,780**	**8,200**
Net book value at March 31, 2023	**11,750**	**23,503**	**35,253**
Net book value at December 31, 2022	11,750	24,698	36,448

(a) Depreciation charge amounting to $1,195 (December 31, 2022: $7,005 /March 31, 2022: nil) was charged in *'General and administrative expenses'*.

(All amounts are expressed in United States dollars)

10. INVESTMENTS IN JOINTLY CONTROLLED ENTITY AND ASSOCIATED COMPANY

(a) Investment in associated company

	March 31, 2023	December 31, 2022
	$	$
At cost		
At January 01,	-	-
Additions during the period	-	500
Share of loss from associate	-	(500)
Transfer to investments in jointly-controlled entity	-	-
At March 31, 2023/December 31, 2022	-	-

At the beginning of the year 2023, the Group reassessed its investment in Maniger Ltd and concluded that, along with Panthera Resources Plc (''Panthera''), it actually exercises joint control over Maniger Ltd. As a result, the investment in Maniger Ltd has been reclassified as 'Investments in jointly-controlled entity'. Please refer to Note 10(b) below.

(b) Investments in jointly-controlled entity

	March 31, 2023	December 31, 2022
	$	$
At cost		
At January 01,	-	-
Transfer from investment in associate	-	-
Addition	**23,465**	-
Share of loss from jointly-controlled entity	**(23,465)**	-
At March 31, 2023/December 31, 2022	-	-

For the three-months period ended March 31, 2023, DFR contributed $23,465 to the Kalaka project, representing its 40% participating interest in the project. The contribution served mainly for compliance expenses.

(All amounts are expressed in United States dollars)

10. INVESTMENTS IN JOINTLY CONTROLLED ENTITY AND ASSOCIATED COMPANY (CONTINUED)

(i) The investment in the jointly-controlled entity (December 31, 2022: 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 jointly-controlled entity (December 31, 2022: associate) from the date of acquisition. At the end of the reporting period, the Company recognised share of loss of the jointly-controlled entity amounting to $23,465 (December 31, 2022: share of loss of associate: $500/ March 31, 2022:nil). The Company does not incur legal or constructive obligation to make payments on behalf of the jointly-controlled entity (December 31, 2022: associate).

(ii) Details of the Company's jointly-controlled entities (December 31, 2022: associates) are as follows

					Proportion of ownership interest				
Name of company	**Class of shares held**	**Year end**	**Stated capital**	**Cost of Investment**	**Direct**	**Indirect**	**Effective holding**	**Country of incorporation and operation**	**Main business**
			$	$	%	%	%		
Maniger Limited	Ordinary shares	December 31	1,000	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%	Republic of Mali	Exploration

(iii) Summarised financial information in respect of the material jointly-controlled entity (December 31, 2022: 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 period**	**Total comprehensive loss for the period**	**Dividends received during the period**
	$	$	$	$	$	$	$	$	$
Maniger Limited	107,766	405	124,070	-	-	(1,084,784)	2,035	(1,082,749)	-

(All amounts are expressed in United States dollars)

10. INVESTMENTS IN JOINTLY CONTROLLED ENTITY AND ASSOCIATED COMPANY (CONTINUED)

(iv) Reconciliation of the above summarised financial information to the carrying amount recognised in the unaudited condensed consolidated interim financial statements for the three-months period ended March 31, 2023:

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

11. DISCONTINUED OPERATIONS

The Company 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 consisted of a 100% interest in Diamond Fields (Namibia) (Pty) Ltd. (“DFN”) which owned mineral licenses ML111 and ML139 and 70% of Namibian Diamond Company (Pty) Ltd. which owned mineral license ML32 (the “Namibian Assets”).

In consideration for the Namibian Assets, JBDM paid the Company: an initial payment of $150,000 (the “Initial Payment”) and it will pay: annual amounts 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 a 1% net sales royalty. As part of the agreements with JBDM, the Company assigned a loan of $8,128,306 receivable by the Company from DFN, which based on the financial condition of DFN was 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 were presented as discontinued and are shown separately from continuing operations.

The comparative March 31, 2022 financial information in the consolidated statement of profit or loss and other comprehensive income (loss) was also presented as discontinued for the purposes of enabling meaningful comparison.

(All amounts are expressed in United States dollars)

11. DISCONTINUED OPERATIONS (CONTINUED)

(i) Results of discontinued operations

	March 31, 2023	December 31, 2022	March 31, 2022
	$	$	$
Exploration and evaluation expenses	-	34,900	7,357
General and administrative expenses	-	10,801	5,021
Interest income	-	(35)	-
Post-tax loss from discontinued operation	-	45,666	12,378

The loss from discontinued operations for the year ended December 31, 2022 was $45,666 (March 31, 2022: $12,378).

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

	March 31, 2023	December 31, 2022	March 31, 2022
	$	$	$
Cash outflow from operating activities	-	(45,666)	(12,378)
Cash inflow from investing activities	-	-	
Cash inflow from financing activities	-	45,666	12,378
Net cash inflow/(outflow) for the period/year	-	-	-

(iii) Effect of disposal on the financial statements

	March 31, 2023	December 31, 2022	March 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	-

(All amounts are expressed in United States dollars)

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2023	December 31, 2022
	$	$
Trade payables	**147,423**	105,101
Advance from insiders and management of DFR[1]	**883,250**	-
Other accrued liabilities	**200,300**	166,706
At March 31, 2023/December 31, 2022	**1,230,973**	271,807

[1]The advance from insiders and management of DFR relates to the private placement of unsecured convertible debentures ("Debentures") referred to in Note 24.

13. BORROWINGS

	March 31, 2023	December 31, 2022
	$	$
At January 1,	**5,797**	-
Loans received	**-**	-
Interest accrued	**-**	-
Repayments	**-**	-
Additions through asset acquisition (See note (i) below and Note 22)	**-**	5,797
At March 31, 2023/December 31, 2022	**5,797**	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 March 31, 2023 and December 31, 2022 are as follows:

Loan received from	**Principal amount**	**Balance at year/period end**	**Interest rate over duration**	**Issuance date**	**Maturity date**
	$	$	%		
At March 31, 2023					
Brian Kiernan	5,797	5,797	nil	June 29, 2022	June 28, 2023

(All amounts are expressed in United States dollars)

14. DEFERRED CONSIDERATION PAYABLE

	March 31, 2023	December 31, 2022
	$	$
At January 1,	**110,000**	-
Addition during the period	**-**	110,000
At March 31, 2023/December 31, 2022	**110,000**	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 $1 each to Panthera Resources Plc; and
- pay $110,000 payment as additional consideration.

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

15. 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 March 31, 2023/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 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, 2022, the Company had a total of 79,562,329 issued and outstanding common shares.

(ii) Spirit subscribed for 2,012,607 DFR shares at a price of $0.217 per share and Brian Kiernan 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)

15. SHARE CAPITAL (CONTINUED)

(ii) Issued and outstanding share capital (continued)

(b) Pursuant to the Transaction, the capital of DFR was 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 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 consisted 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 were 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 were 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 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, 2021 to March 31, 2023:

Grant date	Expiry date	Opening balance	During the period: Granted	Exercised	Expired/ forfeited	Closing balance
At December 31, 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
December 31, 2022		5,150,000	17,050,000	(3,430,631)	(1,119,369)	17,650,000
Expired on February 5, 2023		-	-	-	(400,000)	(400,000)
March 31, 2023		**5,150,000**	**17,050,000**	**(3,430,631)**	**(1,519,369)**	**17,250,000**

(All amounts are expressed in United States dollars)

15. SHARE CAPITAL (CONTINUED)

(iii) Stock Options (continued)

An aggregate of 400,000 Stock Options expired during the period ended March 31, 2023 (March 31, 2022: nil expired/forfeited). Share-based compensation accounted during the period March 31, 2023 was $265,080 (March 31, 2022: $ nil). At March 31, 2023, unrecognized share-based compensation expense amounted to $525,930 (March 31, 2022: $ 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 were exercised by option holders of the Company. During the year ended December 31, 2022, 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. Moreover, on February 5, 2023, 400,000 of the exercisable options with a strike price of CAD $0.145 expired. As a result, at March 31, 2023, the balance of shares options outstanding was 17,250,000, and 550,000 options were available for future grant.

The following is a summary of options vested and outstanding at March 31, 2023:

Grant date	Expiry date	Exercise price (CAD)	Vested March 31, 2023	Outstanding at March 31, 2023
08/28/18	08/27/23	$0.145	-	200,000
09/22/22	09/21/26	$0.200	-	16,150,000
12/06/22	12/05/26	$0.200	-	900,000
At March 31, 2023[1]			**-**	**17,250,000**

[1] At March 31, 2023, the weighted average fair value of options granted was CAD $0.084 (December 31, 2022: CAD $0.084). The weighted average exercise price of options outstanding at March 31, 2023 was CAD $0.199 (December 31, 2022: 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%

(All amounts are expressed in United States dollars)

15. SHARE CAPITAL (CONTINUED)

(iv) 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.

16. NON-CONTROLLING INTERESTS

	March 31, 2023	December 31, 2022
	$	$
At January 1,	**2,459,483**	-
Addition during the year	**-**	2,585,580
Loss after tax	**(146,776)**	(121,478)
Other comprehensive loss	**(4,027)**	(4,619)
At March 31, 2023/December 31, 2022	**2,308,680**	2,459,483

The non-controlling interests relate to the 20% interest which Panthera holds in Moydow pursuant to the Definitive Agreements entered with DFR and Moydow on August 25, 2021.

17. EXPLORATION AND EVALUATION EXPENSES

	March 31, 2023	March 31, 2022*
	$	$
Cascades projects	**707,766**	-
Beravina zircon project	**955**	6,443
Other projects and new prospects	**-**	120,858
	708,721	127,301

* *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:

	March 31, 2023	March 31, 2022
	$	$
Consulting & support logistics	**195,431**	120,691
Drilling, assaying and related costs	**512,335**	-
Licenses & other expenses	**955**	6,610
	708,721	127,301

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"), was 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 License 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 License 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) was 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 License Holder's interest in WUO2 exploration license for an aggregate payment of $500,000, out of which $200,000 was paid earlier during 2022and 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 was renewed for a further three-year period until November 12, 2024.

The Company 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 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 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 complied with all required financial obligations pertaining to the Kalaka JV up to June 30, 2022. On a going forward basis, Maniger is required to spend an aggregate $300,000 in the project annually. Moydow (hence DFR) having spent in excess of its 2021 and 2022 spending requirements did not incur expenses on the Kalaka project from the date of acquisition until December 31, 2022, DFR incurred expenses amounting to $23,465 in aggregate during for the three months ended March 31, 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.

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 licenses 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”);
(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, 2022 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, 2022 (the "First Option"). Moydow achieved the required expenditure to earn the First Option after December 31, 2022, but the parties agreed that Moydow had 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.

The Company 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 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 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 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 was 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 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

	March 31, 2023	March 31, 2022*
	$	$
Salaries and benefits	**21,473**	-
Directors, officers and secretary fees	**156,125**	372,125
Consultancy and professional fees	**82,537**	17,788
Regulatory and listing fees	**7,934**	4,962
Insurance	**-**	7,901
Investor relation	**28,526**	34,914
Office and other expenses	**33,038**	7,128
Depreciation	**1,195**	-
	330,828	444,818

* *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. Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the interim period.

(All amounts are expressed in United States dollars)

19. INCOME TAXES (CONTINUED)

At March 31, 2023 and March 31, 2022, 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.

20. SEGMENTED INFORMATION

At March 31, 2023, the Company operates in seven (December 31, 2022: seven) main geographical locations as set below. There are no other separate reportable segments.

Assets by geographic locations at March 31, 2023 and December 31, 2022 were as follows:

At March 31, 2023	Canada	Madagascar	BVI	Mali	Burkina Faso	Nigeria	United Kingdom	Total
	$	$	$	$	$	$	$	$
Total assets	1,001,981	18,172	453,975	-	168,671	-	2	1,642,801

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

21. RELATED PARTY TRANSACTIONS

In addition to the information disclosed under Notes 8, 12 and 13 above, the Company recorded related party transactions in terms of compensation to key management personnel of the Company for the periods ended March 31, 2023 and March 31, 2022, which are recorded in the following accounts in these unaudited condensed consolidated interim financial statements:

	March 31, 2023	March 31, 2022
	$	$
G&A - Jean Lindberg Charles, CFO and Secretary[1]	**31,125**	139,125
G&A - Sybrand van der Spuy, COO[1]	**37,500**	145,500
G&A - John McGloin, CEO	**87,500**	87,500
Total directors, \CFO and secretary fees (See Note 18)	**156,125**	372,125
G&A - Fasken Martineau LLP[2]	**46,692**	8,464
G&A - Minerex Limited[3]	**15,000**	-
E&E - Minerex Drilling Contractors SARL[4]	**258,491**	-
Total, excluding share-based compensation	**476,308**	380,589
Share-based compensation – Directors & officers	**265,080**	-

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

(All amounts are expressed in United States dollars)

21. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

1. *For the quarter ended March 31, 2022, Messrs. Jean Lindberg Charles and Sybrand van der Spuy were each paid a discretionary bonus of $108,000.*

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

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

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

At March 31, 2023 and December 31, 2022, amounts of fees and expenses payable to related parties were as follows:

	March 31, 2023	December 31, 2022
	$	$
Jean Lindberg Charles, CFO and Secretary	**31,125**	-
Fasken Martineau LLP	**8,226**	-
Minerex Limited	**5,000**	5,000
Minerex Drilling Contractors SARL[1]	**(121,509)**	68,831
	(77,158)	73,831

[1]The amounts due from Minerex Drilling Contractors SARL arise following a down payment (amounting to $350,000) in addition to local advances amounting to $30,000 on the estimated drilling costs.

22. ASSET ACQUISITION

(i) Definitive Agreements

On August 25, 2021, the Company announced that it 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 involved 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) license against further payment of $1,000,000.

22. ASSET ACQUISITION (CONTINUED)

(i) Definitive Agreements (continued)

At Closing of the Transaction, DFR was 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) license 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 25.5% indirect interest, and the option (against certain payments) to jointly (DFR and PAT 50:50) own 65% of the Nigeria licenses. Maniger 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 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 were 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 was 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 was 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 did not qualify as a business combination according to the definition in IFRS 3 Business Combinations, the arrangement was 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. 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.

24. 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 unaudited condensed consolidated interim financial statements for the three-months period ended March 31, 2023, except the following:

(i) 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 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.