

# DFR Gold

Past work heralds a cascade of future riches

Mining prospects  
initiation of coverage

Metals and mining

21 September 2023

**Price** **C\$0.07**

**Market cap** **C\$13m**

C\$1.3433/US\$

Net debt (US\$m) at end-June 2023 1.1

Shares in issue 181.7m

Free float 20%

Code DFR

Primary exchange TSX-V

Secondary exchange N/A

## Share price performance



% 1m 3m 12m

Abs 0.0 (26.3) (50.0)

Rel (local) (2.0) (28.0) (52.1)

52-week high/low C\$0.19 C\$0.07

## Business description

DFR Gold is a junior exploration company focused on gold in West Africa. It has four principal assets, namely the Cascades project in Burkina Faso (with a 635koz resource), the Kalaka gold project in Mali, the Gurara joint venture in Nigeria and the Beravina zircon project in Madagascar (non-core).

## Next events

Cascades phase two drilling Q3-Q423

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**DFR Gold is a research client  
of Edison Investment  
Research Limited**

DFR Gold is a Canadian-listed, West African gold explorer and developer. Its management and board have a strong record of discovering and developing gold projects and they have wasted no time in demonstrating value at DFR's flagship Cascades project in southern Burkina Faso where, in a short time, they have defined a maiden resource, made new discoveries and demonstrated extensions to the existing resource. From drilling either already completed or under way, Edison estimates that DFR could almost double its maiden resource in the short term.

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/21	0.0	(1.0)	(1.4)	0.0	N/A	N/A
12/22	0.0	(2.3)	(1.7)	0.0	N/A	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

## Not first rodeo for experienced management team

DFR's team has form in delivering shareholder value by applying a proven and structured approach to exploration and development. Together, the individuals who comprise the team have been involved in the discovery of over 50Moz Au in some of the largest gold deposits across West Africa. Collectively, they have also raised over US\$100m in their careers – a skill not to be underestimated in current market conditions. The company also benefits from supportive major shareholders.

## Exciting and balanced portfolio positioned for growth

West Africa remains one of the most prolific regions in the world for gold discovery with supportive governments recognising the benefit of mining and exploration. As such, DFR is building a balanced portfolio of promising projects across West Africa, at different stages of development, including Kalaka in Mali (a large, medium-grade prospect) and the Gurara joint venture in Nigeria (an early-stage exploration project with high-grade intersections).

## Valuation: Plenty of upside to current price

The current resource base at Cascades and recent exploration success on the licence represents a significant value opportunity for investors, with the remaining portfolio offering further upside. At its current share price of C\$0.07 and a foreign exchange rate of C\$1.3433/US\$, DFR had an end-H123 enterprise value of US\$25.53 per attributable resource ounce. This puts the company close to the mean of its peer group, but does not account for recent discoveries and represents a notable discount to recent corporate valuations (eg Fortuna Silver recently agreed to pay c US\$60/oz to acquire Chesser Resources in neighbouring Mali). Given the higher-grade resource at Cascades (1.6g/t cf 0.98g/t average) compared to many of its peers in the region, the momentum of discovery in recent exploration campaigns and an experienced management team, we believe the current price will offer deep value to investors as exploration progresses.

## Investment summary

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### Company description: 8x resource upside potential

DFR Gold is a Canadian junior exploration and mine development company, focused on gold in West Africa. Its immediate corporate priority is the Cascades project in southern Burkina Faso, where it has a maiden JORC-compliant resource of 635koz gold delineated, but where, in management's estimation, it could have an endowment as high as 5.0Moz.

### Valuation: Compelling opportunity for value uplift

DFR's management team has a compelling track record of identifying, defining and developing significant gold resources across West Africa, having been responsible for some of the region's biggest discoveries. This success has been based on a systematic approach to exploration that sets them apart from other teams in the sector and region and which they are now applying to DFR's gold projects. They have already demonstrated their ability at Cascades where, through the acquisition of additional licence areas and relatively limited drilling, they have already declared a maiden resource and identified a number of exciting new opportunities for further resource expansion. We estimate that, at the Cascades project, DFR Gold has the potential to almost double its resource base to 1,245koz (100% basis) through an incremental investment of c US\$1.5m. This would represent a direct incremental cost of a mere US\$1.64/oz and a total cost, including G&A, of just US\$2.46/oz, which is exceptionally low by the standards of the industry. Recent drilling at its Kalaka project has also delivered promising results. In our estimation, none of this significant potential upside is included in the current valuation of the business, which reflects only our estimate of the contemporary in-situ value of gold resources located in West Africa. In addition, DFR has projects in Nigeria that, while early stage, could provide additional potential for value creation.

### Sensitivities: Blue sky is key

We calculate that DFR can justify its current share price at its current rating in the event that phase two of its drilling programme yields only an additional 162koz in resources at Cascades to take the total to 797koz (100% basis). Management's estimate of the potential for the Cascades project is a multi-million-ounce resource of 3–5Moz across the 30km mineralised corridor and the results of the initial drill programmes appear to support this. Unlocking this potential and demonstrating that it is viable through metallurgical and mining studies, allied with a supportive security and political environment, are therefore where investors should focus for blue-sky upside. It should also be noted that there is currently a gap between what the resource-starved industry is paying for ounces and what 'risk-off' markets are paying.

### Financials: Phase one complete, phase two pending

DFR had US\$1.3m in net cash at end-FY22. In H123 it 'burnt' US\$2.2m in cash (with 98.0% of direct exploration expenditure being invested at Cascades) and raised US\$1.7m via the issue of unsecured convertible debentures to insiders and management (announced on 6 April – details in the Financials section, below). This left DFR with cash of US\$0.9m at end-H1 and net debt of US\$1.1m, having completed phase one of its drilling programme. In order to complete phase two and update its resource at Cascades, we estimate that DFR will require an additional US\$1.5m in funding, being the same amount (US\$1.0m) in phase two as in phase one for approximately the same number of metres drilled (5,000m) at approximately the same cost (US\$200/metre 'all in') plus an additional 50% to cover corporate overheads. Of this funding requirement, the majority (US\$0.9m) will be covered by cash balances.

## Company description: West African gold specialist

DFR Gold is a Canadian junior exploration and mine development company, focused on gold in West Africa. The company's projects include Cascades (in southern Burkina Faso), Kalaka (in Mali), the Gurara joint venture (in Nigeria) and Beravina (in Madagascar).

Exhibit 1: DFR Gold's project locations



Source: DFR Gold

## History

DFR's portfolio of projects has arisen as a result of two significant restructurings within the mining industry – the first between Panthera and Moydow Holdings in July 2020 and the second between Moydow Holdings and DFR (then called Diamond Fields Resources), whereby DFR acquired Moydow, which held a right to an 80% stake in the Labola Project (subsequently renamed Cascades following the acquisition and consolidation of additional exploration licences), as well as stakes in the Kalaka project in Mali (40%) and the Gurara joint venture in Nigeria (25.5%). Subsequent to the acquisition, DFR disposed of its legacy Namibian diamond assets and changed its name to DFR Gold.

## The protagonists

**Moydow Holdings** was the spiritual descendent of Moydow Mines and was founded by Brian Kiernan in 2019 with many of the same officers and employees as the original Moydow Mines. The original Moydow Mines was an international exploration company with primary interests in precious and industrial minerals and diamonds. Exploration activities were focused principally in Africa and, in 2004, it sold its interest in the Ntoroso property in Ghana to Newmont for US\$40m plus a 2% royalty on any production in excess of 1.2Moz from the property (which now forms part of Newmont's Ahafo mine). It also had a minority stake in the Wassa mine (also in Ghana). Previously quoted on both the TSX and AIM, Moydow Mines was acquired by Franco-Nevada in January 2010 for US\$58m. Moydow Holdings was formed to acquire an interest in the Paimasa and Dagma gold

projects in Nigeria and subsequently acquired from Panthera Resources the latter's interests in the Labola (Burkina Faso) and Kalaka (Mali) projects in 2020 and 2021 respectively.

**DFR Gold** was originally named Diamond Fields Resources and was the diamond exploration vehicle of Jean-Raymond Boule, a Monaco-based, Mauritian businessperson (who discovered the Voisey's Bay nickel project in Canada that was subsequently sold to Vale for C\$4.3bn in 1996) with a background in diamonds, having worked for 10 years for De Beers' Diamond Trading Company (the DTC). By 2022, Diamond Fields Resources had one diamond asset in the form of an offshore project in Namibia and a high-grade zircon project in western Madagascar, named Beravina. As a consequence of the restructuring, Diamond Fields Resources sold its offshore Namibian diamond project back to Mr Boule and changed its name to DFR Gold (but retained the ticker symbol DFR).

## Proven board and management team

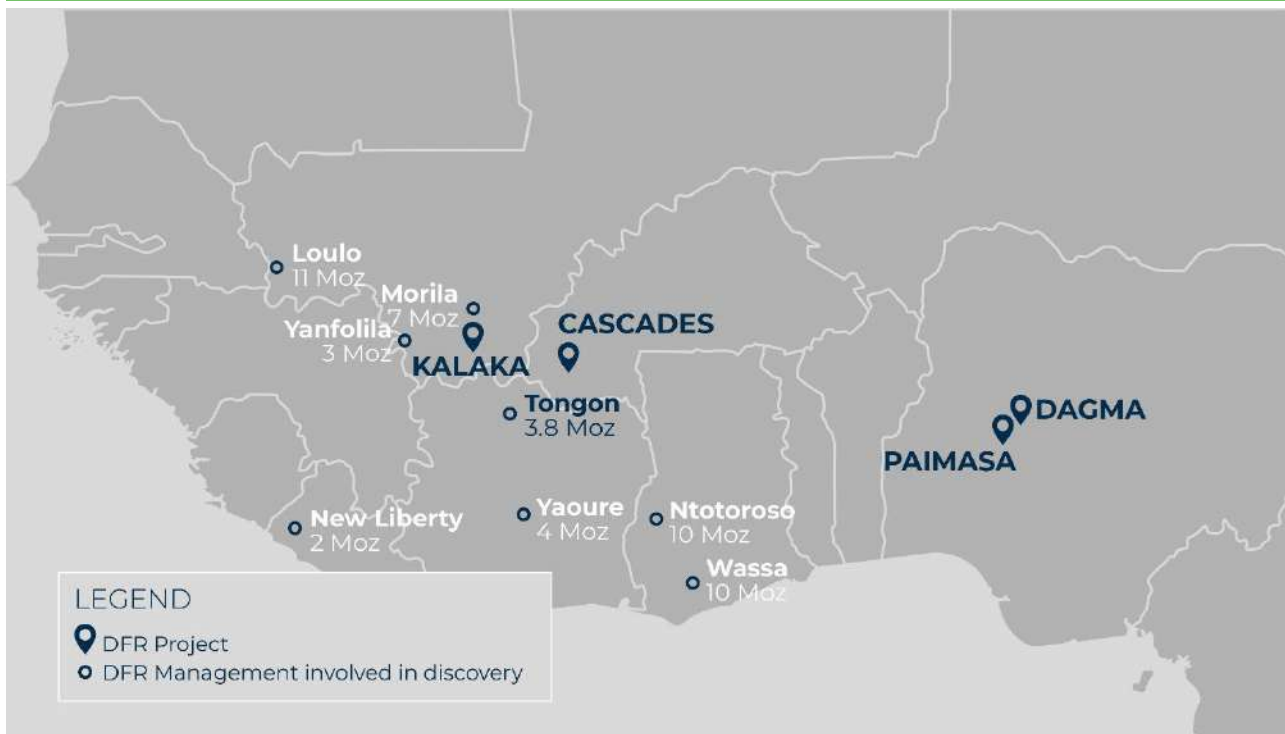
DFR Gold has assembled a board and management team with a strong track record in gold exploration and development. Taken together, the individuals who comprise the team have discovered gold deposits that have ultimately boasted aggregate resources in excess of 50Moz gold.

**Exhibit 2: DFR board and management team's previous discoveries**

Mine	Country	Discovery (Moz)	Current operator	2022 production (oz)
Yaoure	Côte d'Ivoire	4	Perseus Mining	297,818
Wassa	Ghana	10	Chifeng Jilong Gold Mining	c 160,000
Yanfolilla	Mali	3	Hummingbird Resources	80,635
Ntotoroso	Ghana	10	Newmont	177,000
Morila	Mali	7	Firefinch	N/A
Tongon	Côte d'Ivoire	4	Barrick	201,000
Loulu	Mali	11	Barrick	648,000
New Liberty	Liberia	2	Avesoro	N/A
<b>Total</b>		<b>51</b>		<b>c 1,564,453</b>

Source: Company sources

They have also advanced at least four projects through definitive feasibility study to construction and built and operated a number of mines in West Africa.

**Exhibit 3: DFR board and management team's previous discoveries (including current company assets)**


Source: DFR Gold

The team combines a range of financial, geological and other technical expertise, summarised below:

- **Brian Kiernan, non-executive director and chairman:** with over 25 years of experience in the exploration and mining business in Africa and North America, Brian was previously CEO of Moydow Mines where he oversaw the discovery and development of several world-class gold deposits, most notably at Subika, now part of Newmont's Ahafo mine. He was subsequently the founder of Moydow Holdings in 2019 and is also the chairman of Minerex Drilling Contractors, a privately owned West African drilling contractor.
- **David Reading, non-executive director and chair of the technical committee:** David has overseen the financing and development of numerous mining projects in Africa and across the world covering all stages of mine development, including exploration, feasibility, construction and operation. He has an MSc in economic geology and is a fellow of the Institute of Materials, Minerals and Mining. His previous positions include CEO of Aureus Mining, CEO of European Goldfields and general manager of African exploration for Randgold Resources. In addition, he has held senior exploration and project development positions for Anglo American and Phelps Dodge. Within the context of the Panthera/Moydow/DFR restructuring, he was both a director of DFR and the lead technical consultant to Moydow.
- **John McGloin, CEO, president and director:** John was CEO of Amara (formerly Cluff Mining) and managed the team that defined the 4Moz Yaoure sulphide orebody that is now Perseus Mining's flagship property, steering the development of the project through exploration and feasibility and completing a merger with Perseus in order to minimise dilution while simultaneously delivering value for Cluff/Amara shareholders. A geologist with financial market experience as a former mining analyst in London, John has worked as a consultant and competent person throughout Africa and Asia in the 1990s.
- **Kieran Harrington (VP Exploration):** Kieran is a professional geologist with more than 35 years' experience in the metals exploration and mining sector, including a strong track record of discovery, particularly in gold in West Africa as Chief Geologist and COO at Glencar Mining,

where he led the technical teams in the discovery of both the Wassa deposit in Ghana and the Komana/Yanfolila deposit in Mali (both now large-scale operating mines). More recently, he consulted to PW Nigeria (see below) on identifying high-potential gold projects on Nigeria.

- **Sybrand van der Spuy, COO and director:** Sybrand retired from the South African National Defence Force in 1998 and has held senior roles in the management of projects and the mitigation of operational risk within the mining and oil & gas industries. He has also served as strategic consultant to various governments with respect to operational and critical infrastructure requirements following extensive Middle Eastern and African experience in these areas.
- **Len Comerford, non-executive director:** Len, a civil engineer, is the CEO of PW Mining, one of Africa's largest mining and civil works contractors, with more than 30 years' experience in countries as diverse as Ghana, Burkina Faso, Mali, Tanzania, Nigeria, Côte d'Ivoire, Congo (Brazzaville) and Sierra Leone, where he has negotiated and executed major mining, civil and offshore engineering contracts. Previously, he was CEO of Sierra Rutile (previously Titanium Resources Group).

## Projects

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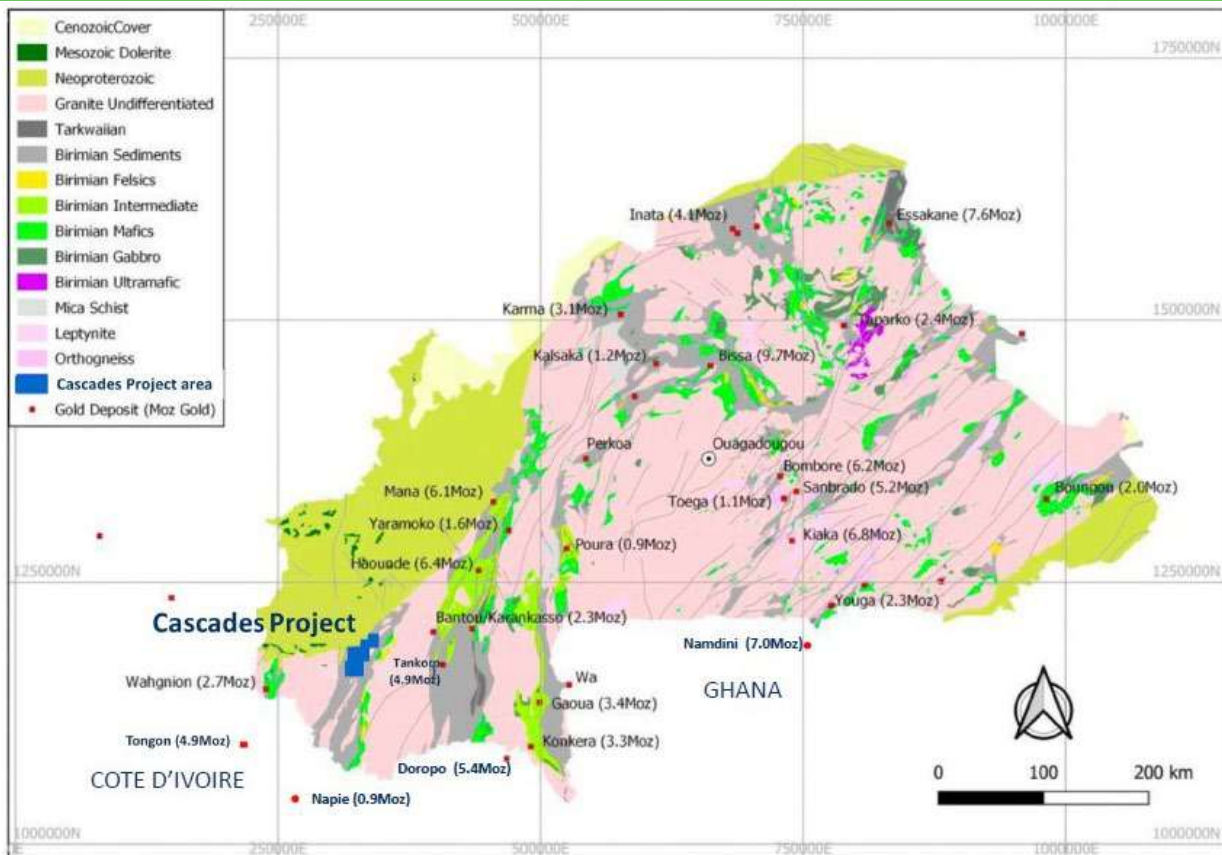
### Cascades project (southern Burkina Faso)

#### Background

Cascades is DFR's flagship asset, located in the Banfora greenstone belt of the West African Birimian Supergroup in south-west Burkina Faso (one of the three major mineralised belts in western Burkina Faso). It is approximately 370km west-southwest of Burkina Faso's capital, Ouagadougou, and comprises two exploration licence areas, denoted Wuo Land (c 61.6km<sup>2</sup>) and Wuo Land 2 (c 243km<sup>2</sup>) in Comoe province in the stable southern region of the country. While there are no active large-scale gold mines operating within this belt, the 3.8Moz Yaoure gold deposit (discovered by Cluff Mining/Amara and now operated by Perseus) is located within extensions of this belt approximately 450km to the south in Ivory Coast, while the 4.5Moz Banfora gold mine (now renamed Wahgnion and operated by Endeavour/Lilium) is located about 100km to the south-west in an adjacent belt. In fact, when looking at exploration discoveries in Africa over the 10-year period between 2012 and 2021, two of the top 10 discoveries are located near the southern Burkina Faso border on Birimian belts parallel to the Banfora belt that hosts the Cascades deposit. To the south-east is Centamin's 5.5Moz Doropo project, while to the south-west is Cardinal Resources' 7Moz Namdini project. As such, there can be little doubt that DFR's ground is within a highly prospective post code.



**Exhibit 4: DFR Gold’s Cascades project location**



Source: DFR Gold

## Ownership

Pursuant to its acquisition of Moydow, DFR has the right to an 80% interest in the Cascades project, while Panthera Resources will own a carried 20% interest on the condition that DFR invests US\$18.0m in the project by 30 September 2026. Thereafter, all interests are participating. However, Panthera has the right to acquire an additional 10% interest in Cascades by making a payment of up to US\$7.2m. This ‘Back-In’ right is exercisable on the earlier of US\$18m in expenditure by DFR or five years from 2021. Given the level of its expenditure, we understand that DFR’s interest in Cascades is currently at its minimum of 65%, regardless of Panthera’s Back-In right (the exercise of which we therefore consider unlikely under the circumstances). In addition, DFR has to pay the licence holder US\$1.0m and US\$0.3m (in 2024) upon exercising the options for the Wuo Land and Wuo Land 2 licences. A further payment of US\$1.0m will be made to the licence holder on the successful definition and reporting of a JORC-compliant resource of at least 1Moz. In addition, the licence holder has retained a 1% net smelter return royalty on all gold produced up to a total aggregate payment of US\$4.0m over the Wuo Land and Wuo Land 2 licence areas.

## History

The current Cascades project area had previously enveloped multiple different projects with the likes of High River Gold (later acquired by Nordgold) and Taurus Gold the main players, but with smaller local companies also holding ground. Prior to Moydow commencing exploration, more than 65,500m of historical diamond (c 38% of the total) and reverse circulation (c 62%) drilling over 541 holes (average 121m per hole) had been completed by High River and Taurus. These included:

- 2m at 130.6g/t Au from 66m in hole WNDD15,
- 11m at 8.2g/t Au from 147m in hole WNDD24, and

- 6.5m at 7.26g/t Au from 318m in hole WNDD58.

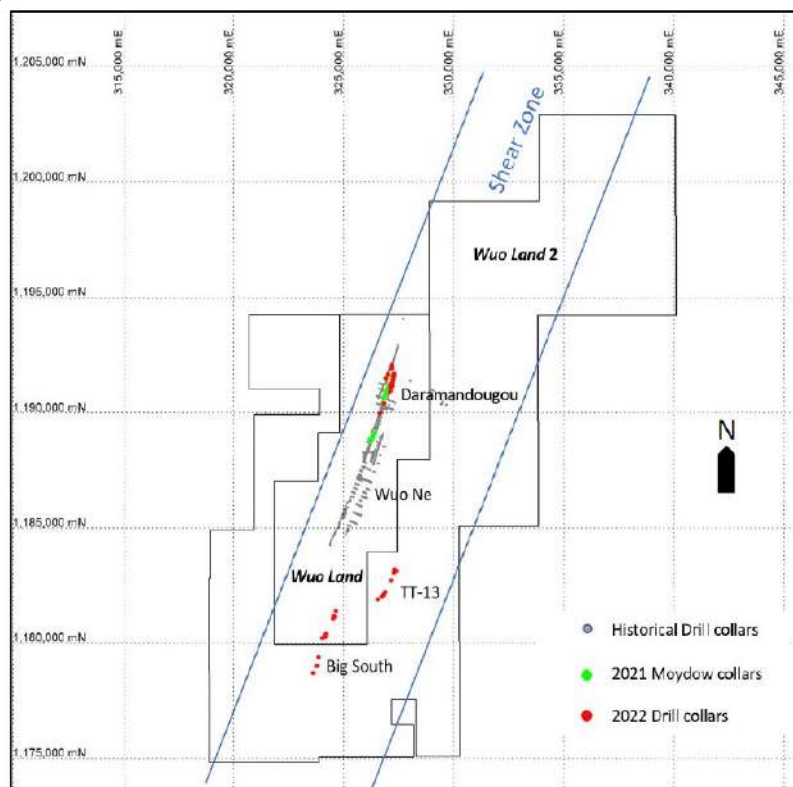
However, these two parties ultimately walked away from the project and Panthera selectively consolidated the best of both High River's and Taurus's ground into a single project entity.

The Moydow team identified the project as having significant potential and following the combination of Moydow and Panthera in 2020, Moydow's decision to fast-track the project started to pay dividends immediately. Recognising the potential value of the historical drilling databases of previous licences in the area, Moydow used its industry network to secure all pertinent data such as original laboratory assay sheets. In the three years since, significant progress has been made:

- **July 2020:** Moydow and Panthera announced a proposal for a merger of their West African assets. At Labola, multiple historical projects were combined for the first time and valuable historical exploration databases acquired (from High River Gold and Taurus Gold).
- **August 2021:** from his position at Moydow, Brian Kiernan believed that the Labola deposit could host a mineral endowment of c 2–3Moz gold. He knew Jean-Raymond Boule socially and professionally and, at the time of Panthera's reorganisation of its assets in August 2021, the two provided new equity funding in Moydow and DFR totalling US\$2.75m in order to eliminate existing debt in DFR and fund a 5,000m exploration programme. Combined, the restructuring and equity funding resulted in both Mr Boule and Mr Kiernan becoming the two largest single shareholders in DFR Gold, each with a near 40% interest in the company. The 5,000 metre validation reverse circulation drilling programme was completed at Labola the same month by Moydow.
- **October 2021:** A maiden mineral resource was declared at Labola (subsequently renamed Cascades) as follows:
  - indicated 5.41Mt at a grade of 1.52g/t Au (264k oz), and
  - inferred 6.93 Mt at a grade of 1.67g/t Au (371k oz).
- **March 2022:** Acquisition of the 243km<sup>2</sup> Wuo Land 2 licence area – thereby increasing its land position by c five times – and renaming the project 'Cascades'. At the same time, a large mineralised system was delineated within a 30km x 5km corridor containing multiple structures highlighted by geochemistry, geophysics, drilling and artisanal activity.
- **May–July 2022:** first exploration drilling on the new Wuo Land 2 licence area.
- **September 2022:** DFR announced the discovery drilling results of a significant new zone at the TT-13 target.
- **March–May 2023:** second exploration drilling programme undertaken by DFR.
- **May 2023:** DFR announced another new discovery at Sina Yar with 34 metres at 1.83g/t, some 6km south-east of Daramandougou. Simultaneously, a wide mineralised zone was intersected at Far East target, including 48 metres at 0.42g/t Au. Resource potential was also confirmed at TT13.

The announcement of the maiden resource estimate in particular in October 2021 – having completed just 5,000 metres of its own drilling – was a significant achievement for the DFR Gold team. The bulk of the resource was delineated at the Daramandougou and Wuo Ne targets, which are located approximately 1km apart along the same shear structure.



**Exhibit 5: Cascades licence area and drilling**


Source: DFR Gold

At both Daramandougou and Wuo Ne there was sufficient drilling to extend the resource shell to depths of c 150m but, for the most part, there is not enough deep drilling to confirm resources below that. However, during the past two drilling seasons, exploration drilling has focused more on demonstrating the ultimate potential size of this large mineralised system by targeting some of the many satellite prospects identified by the exploration team. As such, DFR's management believes that Daramandougou/Wuo Ne is just the tip of the proverbial gold iceberg.

The new discoveries at Sina Yar, TT13 and Far East each seem to confirm management's view of the enormous potential of the project area. Big mineralised intersections at Sina Yar from the recently reported 2023 drilling results, in particular, leave no doubt about the potential for resource ounce addition. Within this context, there have inevitably been a couple of disappointments where the DFR technical team has been trying to get to grips with geological complexity. For example, drilling across very large artisanal workings at Big South in 2022 hit significant mineralisation but not enough to animate management. Likewise drill testing a very strong combined chargeability/resistivity anomaly along strike from the Western Zone of Daramandougou has yielded inconsistent results that have proved difficult to interpret.

In general, however, it appears that DFR's strategy is paying off, not least on account of its commitment to a systematic approach that has contributed to keeping DFR's discovery costs low. Based on expenditures to date, we estimate a potential incremental discovery cost at Cascades of a mere US\$2.46/oz (ie exceptionally low by industry standards). If the next round of drilling delivers on the promise of the last one, then this pattern should continue.

### Geology and exploration

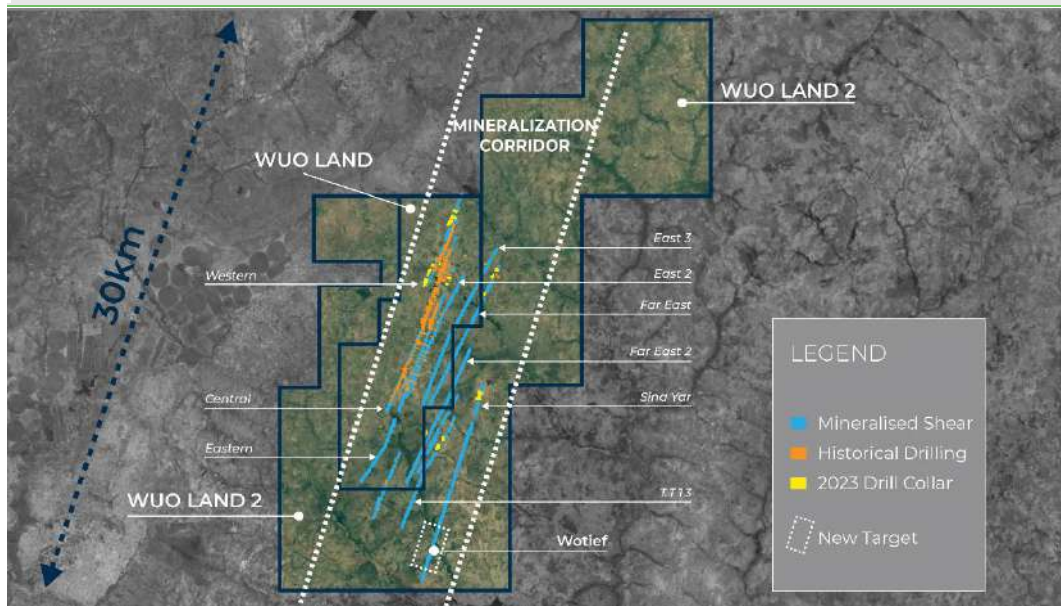
Gold mineralisation at Cascades is spatially associated with sulphides and quartz sericite alteration. The host rocks are a clastic sedimentary sequence dominantly composed of mudstones, siltstones and sandstones intruded locally by felsic bodies of variable widths and more rarely by thin mafic

dykes. Weakly graphitic shales are present particularly at or near the centre of the individual structures. Alteration is greenschist facies. Historically the rocks would have been referred to as quartz sericite schists.

This sedimentary sequence has undergone regional ESE-WNW oriented compression resulting in a sub-vertical NNE-SSW trending regional foliation, upright tight to isoclinal folds, and possibly high-angle reverse faults.

The currently delineated DFR resource is largely hosted in three parallel NNE-SSW trending shear structures, denoted as the Western, Central and Eastern zones in the Daramandougou and Wuo Ne target areas. The distance across strike from the western edge of the Western zone to the eastern edge of the Eastern zone is some 700m. However DFR has now delineated a 5km wide shear corridor using satellite imagery and aeromagnetic and radiometric data interpretations. The combined Wuo Land and Wuo Land 2 concessions cover more than 15km of the corridor and historical and current artisanal mining activity has demonstrated widespread mineralisation across and along the corridor. At the same time, drone surveys completed during 2023 clearly demarcate the multiple shear structures that have been exploited by artisanal gold miners over at least 9km of strike along the corridor. Field observations confirm that, while mining is generally shallow (around 10–30m) at locations like Daramandougou and Wuo Ne where mining has been ongoing for many years, the miners have penetrated as deep as 65m from surface.

**Exhibit 6: Cascades project vein systems**



Source: DFR Gold

The highest grade (>1g/t) gold mineralisation is associated with 1–2m wide graphitic sub-vertical fault zones that contain 10–50cm wide laminated fault-fill veins and are characterised by arsenopyrite and/or fine-grained pyrite mineralisation. Mineralised zones usually comprise numerous discrete fault planes that formed along igneous-sedimentary contacts or solely within sedimentary rocks. These structural and hydrothermal features appear to post-date regional deformation.

Oxidation in the Daramandougou and Wuo Ne targets typically extends to a depth of approximately 50m from surface.

While the presence of large numbers of artisanal workings shows the significant size and tenor of the mineralised system, the orpillage (ie artisanal – or galamsey – gold panning) may represent a future challenge for DFR. At Daramandougou, it is thought that there has been some form of orpillage on the Central zone since 2006. In recent years, the ever-increasing volumes of fresh

rock material on the mine dumps confirm the deep penetration of the miners on some of the high-grade shoots. On the Western zone, the discovery of a new high-grade shoot near surface by the miners caused a massive influx of thousands of orpailleurs and the ensuing frenetic mining activity resulted in a ground collapse in which some of the miners reportedly lost their lives.

Historical geophysical work conducted on the property includes induced polarisation (IP) and resistivity surveys. For the most part at Daramandougou and Wuo Ne, combined resistivity and chargeability anomalies mimic the mineralised zones well. High resistivity reflects quartz veined zones and high chargeability reflects an abundance of sulphides (ie pyrite and arsenopyrite). Typically, gold is observed at the confluence of the two. Where before this had been the basis of exploration, however, DFR's geologists have now recognised that higher-grade gold mineralisation has been introduced along veins with fine-grained pyrite and is associated with later, sometimes cross-cutting veins, introduced along the mineralised zone. Visually the later fine sulphide is distinguishable from an earlier euhedral cubic pyrite.

A number of these combined chargeability/resistivity anomalies have yet to be tested by drilling but an example of one that was drilled by DFR in 2023 was the anomaly that represents the extrapolated southerly continuation of the Western zone at Daramandougou. As mentioned above, reverse circulation drilling on a long and strong linear anomaly here over a strike length of some 700m failed to intersect any significant widths of mineralisation. As a result of that particular drilling exercise, DFR's geologists are now looking at ways to better discriminate between anomalies representing mineralised versus non-mineralised zones. A complicating factor in the Western zone appears to be the regular presence of pyrite bearing and auriferous WSW-ENE trending cross-cutting fault structures, which can be associated with bonanza gold grades.

During the past 12 months, DFR has completed a lot of the groundwork that management believes is essential to embark on a resource delineation campaign. Specific geological projects include regolith mapping, orpillage mapping from the high-resolution drone surveys, relogging of historical cores and XRF analysis of acquired pulps from historical drilling and surface sampling. SEMS Exploration, a well-regarded Accra-based consultancy, was engaged to carry out a thorough re-examination of the historical core from the drilling performed by Taurus Gold at Daramandougou and Wuo Ne that had been acquired by Moydow in 2021 and 2022. This report, in particular, seems to have made good progress in the understanding of the lithological controls on the mineralisation and consequently the DFR team is moving ahead confidently with its new target testing drill programme.

In this context, February 2023 witnessed the start of a 10,000m exploration drilling campaign. The first part of the programme aimed to start to unlock the potential of the project area, including the new Wuo Land 2 concession. The intention of the second phase (now planned to start when the rainy season subsides in Q4) is then to upgrade the current resource from its maiden level of 635koz.

The first phase was completed in May and involved 5,641m of reverse circulation drilling. Of this, 2,080m was targeted at possible extensions of the already delineated resource along strike including the geophysics targets, in this case being (1) the southerly extension of the Western zone at Daramandougou as mentioned above and (2) the northerly extension of the Western Zone.

None of the drilling targeted depth extensions of the known resource and this remains a likely source of significant resource ounces in future. The remaining 3,557m tested new target areas in the newly acquired Wuo Land 2 concession area. Inter alia, this resulted in an important new discovery at Sina Yar, while confirmation of ore-grade widths and grades at Far East and TT13 appear to have given plenty to follow up in the planned second phase.

### **Sina Yar target**

The Sina Yar target is approximately 1,700m north-east of the northern end of the TT13 target. The area was reportedly the site of an artisanal gold rush in the early 2000s before the intense mining operations at Daramandougou and Wuo Ne began. The area has reportedly seen a resurgence of activity in the past 12 months with shallow workings covering an area of c 0.42km<sup>2</sup> and deep shafts exploiting hard rock mineralisation concentrated along a 400m long linear zone towards the southern end of the area.

DFR's 2023 first-pass reverse circulation drilling programme at Sina Yar has demonstrated promising results. Ten drillholes totalling 903m have been completed and significant mineralisation was intersected in each hole drilled. In particular, three consecutive holes testing 250m of strike length of the main north-south trending structure in metasediments intersected significant widths of mineralisation, including 34m (from 50m downhole depth) at a grade of 1.83g/t plus 6m (from 23m) at a grade of 1.14 g/t in hole CS23-RC077.

In general, the drilling confirmed that mineralisation is hosted by narrow quartz veins within a north-south trending mineralised envelope hosted by a banded greywacke and sandstone metasedimentary sequence. Mineralisation appears open to the north of the drill tested area. In the more southerly holes mineralisation was weaker and patchier although artisanal activity remains intense. A highly altered felsitic intrusion has been mapped towards the southern end of the Sina Yar workings, similar in nature to the intrusions mapped at both the Daramandougou and Wuo Ne mineral resource areas. Given these results, DFR plans follow-up drilling at Sina Yar, starting with stepping out to the north of hole CS23-RC077 (see above).

### **Far East target**

The Far East target lies 2.5km to the east of Daramandougou. High River Gold drilled six holes at the northern end of the target between 2005 and 2010 based on geophysics anomalies and artisanal workings. Results from the High River Gold drilling were mixed, with continuity of mineralisation not established over any significant strike length. However, drill intercepts included both short, high-grade and wider, low-grade intersections, some of which were quite significant (eg 1.0m at 8.41g/t Au from 51m downhole plus 39m at 2.02g/t Au from 60m downhole in hole LBR05-016, including an intersection as high as 56g/t at 71m downhole). Reconnaissance rock sampling by DFR in 2022 also confirmed the high-grade possibilities here, including recorded values as high as 9.3g/t Au.

The five holes drilled at Far East North in the recent DFR first pass RC drilling campaign each intersected persistent anomalous gold mineralisation. In particular, each of the three northernmost holes of the current campaign, to the north of the historical High River Gold drilling, intersected long anomalous gold intercepts. The mineralisation is associated with multiple thin quartz veins and veinlets, usually with significant associated pyrite and sometime arsenopyrite. Most noteworthy was CS23-RC066, which returned 48m at 0.42g/t from 30m downhole depth. The wide mineralised zone is open to the north and given the higher grades from the previous drilling and rock sampling, there is a good chance of defining an economic zone here.

### **Cascades summary**

It appears as if DFR's exploration strategy is paying off in the form of its commitment to a systematic approach that has been instrumental in keeping DFR's discovery costs so low. Based on expenditures to date, we estimate that the incremental discovery costs at Cascades have been an impressive US\$2.46 per ounce – ie exceptionally low by recent industry standards. If the next round of drilling delivers on the promise of the last one, then we would expect this pattern to continue.

A summary of the characteristics of the mineralisation at Cascades thus far established is as follows:

- Significant strike length – at least seven large shear structures identified but only a fraction historically drill tested.
- Significant shows of gold.
- Generally drilled to only 100m to date (which is to double).
- Four to five new discoveries would give the project critical mass.
- To date, it is interpreted to be very similar in type and style to the mineralisation of the Wahgnion mine, 100km to the south-west, operated by Endeavour/Lilium Mining.

Thus far, Cascades has declared a maiden resource of 635koz gold and management estimates that subsequent resource upgrades could add anything from a further 350koz to 4.4Moz to take the deposit to 1.0–5.0Moz gold in total.

## Reserves and resources

On 25 October 2021, Moydow declared a maiden mineral resource estimate for the Daramandougou area of the Labola gold project in accordance with National Instrument 43-101 (NI 43-101), as follows:

**Exhibit 7: Labola gold project mineral resource**

Category	Tonnes (Mt)	Grade (g/t)	Contained gold (koz)	DFR interest (%)	Attributable resource (koz)
Indicated	5.41	1.52	264	65.0	172
Inferred	6.93	1.67	371	65.0	241
<b>Total</b>	<b>12.34</b>	<b>1.60</b>	<b>635</b>	<b>65.0</b>	<b>413</b>

Source: DFR Gold. Note: Report dated 3 December 2021 (effective date 25 October 2021). Reported using CIM (2014) Standards on Mineral Resources and Reserves, Definitions and Guidelines and adopted by CIM Council. Report prepared by Ivor Jones, an independent qualified person under NI 43-191 for Aurum Consulting. The mineral resource has been constrained by an open pit evaluation using a gold price of US\$1,900/oz and then reported at a cut-off of 0.5g/t Au. Totals may not add up owing to rounding.

## Metallurgy

Only preliminary metallurgical test work has been conducted on the Cascades mineralisation to date. Despite the presence of a graphite layer between the gold-bearing veins (a potential source of refractory ore), the work that has been done suggests that the gold present in the licence area is treatable by conventional cyanide leaching. Historical recoveries of 90–98% in the oxide zone and 82–93% in the transitional and sulphide zone were reported by High River Gold and Taurus Gold. Subsequent LeachWell bottle roll accelerated cyanide leach testing in conjunction with fire assay analysis of drill samples conducted by Moydow supports the earlier findings that the gold mineralisation is essentially free milling in line with historical and regional metallurgical results.

## Kalaka (Mali)

The Kalaka gold project is located 260km south-east of Bamako in southern Mali. Kalaka is a large gold system where multiple intersections exceeding 150m at in excess of 0.5g/t have been identified by previous diamond and RC drilling. The project is 80km south of the 8Moz Morila gold mine owned by Barrick/AngloGold and 85km north-west of the 6Moz Syama gold mine owned by Resolute. It is also approximately five hours' travelling time from DFR's Cascades project in southern Burkina Faso, with Wahgnion approximately in between, and equidistant from, the two. DFR has a 40% interest in Kalaka, with Panthera also owning 40% and a local participant holding the remaining 20% interest. All project interests are participating.



**Exhibit 8: Kalaka project location**

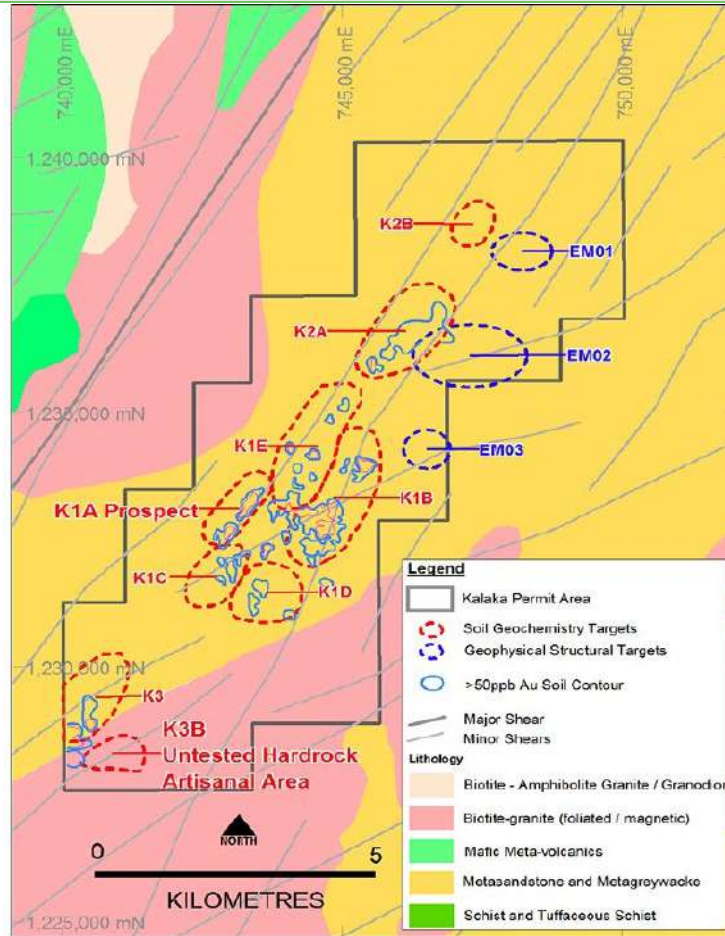


Source: DFR Gold

Previous exploration work includes 7,349 soil samples, airborne geophysics comprising 909 line kilometres of magnetics and electromagnetics, ground induced polarisation (IP) and 20,952m of drilling (all types) in 372 holes (average 56m per hole). This work indicates a large, moderate grade zone of mineralisation with multiple drill intersections exceeding 150m at the 0.5 g/t Au level at the K1A prospect (see Exhibit 9). The K1A prospect is just one of several similar targets within the 62.5km<sup>2</sup> permit area along an interpreted 47km combined strike length. Similarities between the mineralisation at K1A and Morila have been noted, including, in particular, the early intrusion hosted mineralisation at Morila.

Mineralisation is reported to be visibly distinct at Kalaka and contained within alternating bands of metasediments and granites, with mineralisation broadly disseminated and occurring in both. As such, this looks like a large, bulk mineable deposit with a large, lower grade halo encompassing thinner, higher-grade zones. As at Cascades, it will require a similar exploration exercise to delineate a resource.



**Exhibit 9: Kalaka prospect exploration targets**


Source: DFR Gold

Notable mineralisation identified so far at the K1A prospect includes a deposit about 750m long, 150m wide and open to at least a 200m depth at a grade of 0.4–0.6g/t Au. Drill intercepts from previous explorers include:

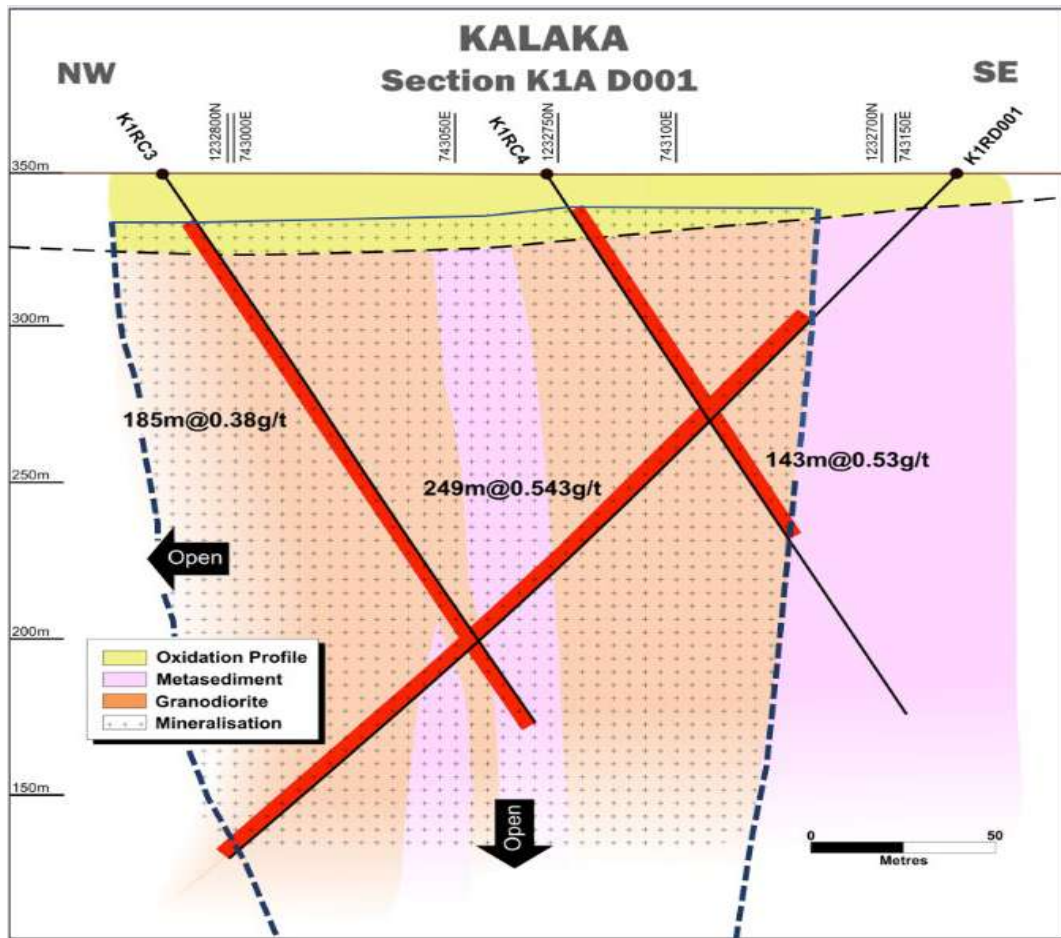
- 249.3m at 0.54g/t Au from 52m (to end of hole) including 8m at 3.17g/t Au from 107m;
- 176.4m at 0.49g/t Au from 24m (to end of hole) including 8m at 1.83g/t Au from 52m; and
- 191.8m at 0.52g/t Au from 9m (to end of hole) including 6m at 1.47g/t Au and 4m at 2.47g/t Au.

Potential also exists for higher-grade zones of mineralisation to the south of the licence area, where extensive artisanal workings exist, and high-grade (eg 10g/t) rock chip samples have been reported.

An ongoing exploration programme includes a recently completed gradient array IP survey over the southern part of the Kalaka licence area, which extended the previous IP survey and defined the large, low-grade K1A mineralisation. The latest survey has enhanced the definition of existing targets as well as identifying several additional targets, in particular, in the east of the survey area.

A short drilling programme in July 2023 included approximately 1,500m of RC drilling to complement existing diamond and reverse circulation drilling at the K1A target, with it intended to be utilised to define a maiden mineral resource estimate.

Exhibit 10: Kalaka K1A prospect cross-section



Source: DFR Gold.

All told, DFR's management believes that there is immediate potential for a resource of c 0.5–1.0Moz gold at the K1A target at Kalaka at a 0.3g/t cut-off, but with notable sweet spots of c 0.8–0.9g/t. That potential would increase significantly with any new discovery zones.

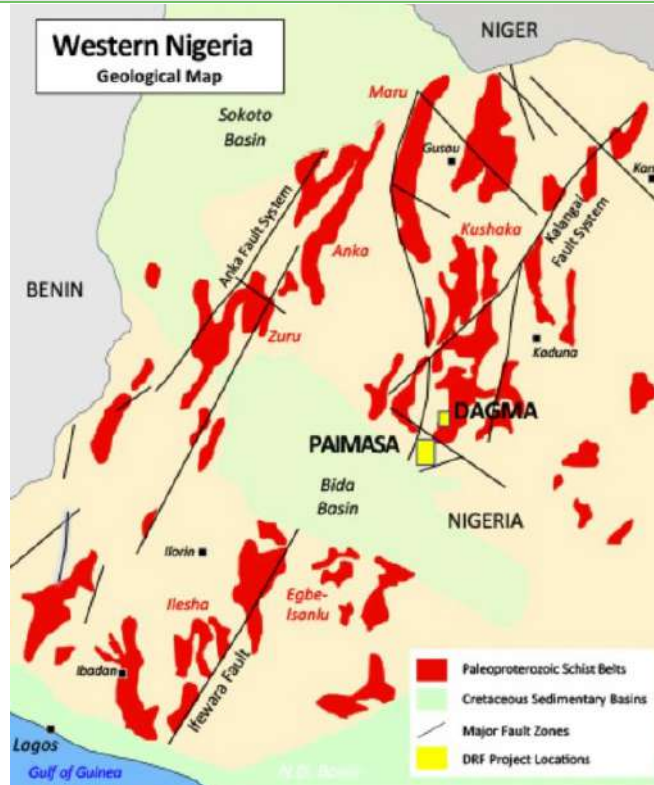
Historically, relatively little metallurgical test-work has been performed on samples from Kalaka. DFR and Panthera are addressing this now via the current drilling campaign. However, such test work as has been completed is reported to indicate that the mineralisation there could be amenable to a small-scale, low grade, heap leach-type project.

## Gurara joint venture (Nigeria)

DFR holds a 25.5% indirect interest in various gold exploration projects in Nigeria, 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 terrain of the Man Shield in West Africa, which has become one of the most prolific gold provinces globally over the past 35 years. Pursuant to its restructuring, Moydow and Panthera each hold an indirect 25.5% interest in these projects. The remaining interest is held by a local joint venture participant.

The Gurara joint venture is a gold project in an unexplored province on the Benin-Nigeria Shield, comprising four licences in two projects areas (Dagma and Paimasa) lying at the southern end of the Kushaka belt.

Exhibit 11: DFR Nigeria project locations



Source: DFR Gold

## History and background

Somewhat akin to Saudi Arabia, Nigeria is a country with a rich tradition in oil, but very little in hard rock mining. This is a state of affairs that the government of Nigeria has been attempting to rectify since at least 2016 with, among other things, the introduction of a cadastral system for mineral exploration and mining licence administration and a series of collaborations with, among others, the British Geological Society to conduct geophysical and geochemical surveys within the country. As a consequence, management describes the operating environment in Nigeria as ‘very favourable’ with a ‘supportive’ government and a ‘good’ mining code and fiscal regime.

Notwithstanding the lack of modern exploration and the relative absence of any large-scale, mechanised mines in the country (a notable exception being Thor Exploration’s Segilola mine in Osun State, which poured its first gold in 2021), there are hundreds of examples of quartz vein hosted deposits exploited by small-scale, artisanal mining operations in western Nigeria, which, in general, occur in paleoproterozoic schist belts.

DFR’s Nigerian partner on the Gurara joint venture is PW Nigeria Limited. DFR views PW as an ideal partner in the project, providing an excellent platform for all in-country operations. PW has, for four decades, been successfully engaged in industrial minerals quarrying in Nigeria, in particular in recent years as contract miners at some of the country’s largest limestone quarry operations for the cement industry (NB Nigeria has the second-largest cement production capacity in Africa at 45Mt per annum). In 2016, PW Nigeria embarked on a journey to evaluate and promote the vast metals mineral potential of the country.

Following reconnaissance and remote sensing studies in 2017, PW applied for – and was granted – three licences in two projects areas (Dagma and Paimasa) lying at the southern end of the Kushaka belt. PW duly converted its former Niger state operational base (a substantial 20ha site in the city of Minna) into an exploration camp and, after a relatively quiet couple of years on the project, plans are again ramping up on the joint venture with aggressive drill planning currently under way.

### **The Dagma target**

Initial geochemical surveys and mapping discovered a number of quartz-rich zones and, in 2019, a first-pass 1,500m of drilling at Dagma tested a newly discovered auriferous vein (vein DV1-1) where a 140kg bulk sample returned a grade of 22.2g/t. Drilling confirmed the down dip extension of the vein swarm intersecting, for example, 3m at 8.6g/t within a lower-grade mineralised halo of 45m at 0.9g/t Au. That drill intercept was a mere 200m from the southern boundary of the Dagma licence so, rather than continue drilling, the partners focused attention instead on trying to acquire the adjacent ground to the south. The grant of EL35373 in October 2021 opened the way for systematic exploration of the mineralised shear to the south of Dagma. The subsequent delineation in 2022 of a 2km long gold-in-soil geochemical anomaly that now has several coincident artisanal mines vindicated the partners' patient approach and the in-country exploration team has high hopes that the now planned systematic drill testing of the anomaly along strike will start to build towards a maiden NI 43-101 compliant resource.

### **The Paimasa target**

A short, first-pass programme at Paimasa in 2021 tested a series of veins exposed in artisanal workings and DFR views the results as something of a mixed bag. Significant zones of quartz veining were intersected and high-grade gold intercepts were returned in several holes. The highest grade assay interval was 1m at 15.5g/t from 48m in hole PM93RCH-014 plus 9m at 1.23g/t Au from 67m and a further 1m at 2.48g/t Au from 75m, showing that the team has plenty on which to follow up.

At the nearby Mint prospect, mineralisation has been described by the Gurara joint venture technical team as 'thin' and 'sometimes discontinuous' at surface but that the spectacular grades of the mapped quartz-tourmaline veins make for a fascinating target. Typical individual vein widths of 30–50cm at grades of up to 20–30g/t point to clear economic potential if the team can delineate a sufficiently well-developed zone within the vein swarm that has already been mapped over a strike length of 2,300m. Similar to the Dagma target, a 140kg bulk sample in 2019 from one of the mineralised quartz-tourmaline veins at Mint (vein MV11) returned an average value of 23g/t averaged over 12 assays. The Gurara technical team is currently planning an IP survey ahead of (or perhaps alongside) a significant drilling programme with a view to delineating a maiden open-pit resource.

Following the successful start-up of Thor's Segilola project, it will be no surprise if the Nigerian gold sector is the subject of much more interest from international miners in future and, within this context, DFR's Gurara joint venture certainly looks like one to keep an eye on.

### **Nigerian strategy**

Working with partners PW, DFR management's plan for its Nigerian assets is to take a big ground position and develop its exploration prospects into mines in the classical manner. At Paimasa and Dagma, DFR has immediate exploration targets of 500koz and 200koz, respectively, which it believes would support a small mobile plant exploring a high-grade ore body (note that Dagma was converted to a mining licence in 2021, so that no further permitting will be required before production). Sizeable drilling grids have been designed by the geological team for both the Paimasa and Dagma deposits for the 2023–2024 field season. DFR's Nigerian partner PW Mining Nigeria has RC and diamond coring drill rigs at its disposal and we expect to hear more about its Nigerian exploration in the coming months.

In the meantime, the Nigerian government has already invested substantial sums in order to seed a hard rock mining industry and is supportive of quality exploration programmes such as the Gurara JV.

## **Beravina (western Madagascar)**

DFR holds a 100% beneficial interest in Beravina. The project is a rock zircon deposit and is situated in western Madagascar, 220km east of the port of Maintirano near a state road and comprises an NI 43-101 compliant inferred resource of 1.5Mt of high-grade, 22.7% zircon ( $ZrSiO_4$ ) – equivalent to 15.3%  $ZrO_2$  – of potentially direct shipping ore. Metallurgical tests conducted to date indicate that, using standard beneficiation technologies, the zircon can be concentrated to 50–58%  $ZrO_2$  with varying levels of thorium ingrain.

However, while technically attractive, ideally this project needs to be about twice its current size to reach critical mass, to which end DFR undertook a (desktop) multi-spectral study using satellite imagery to identify deposits with a similar spectral signature. To date, the study is reported to have discovered a number of hilltops with similar signatures to Beravina Hill and consultants have been employed to map and sample over these anomalies to assess the potential for a resource upgrade. In addition, exploration in 2023 will evaluate the potential for lithium-bearing pegmatites, with a view to ultimately selling the asset.

## **Corporate strategy**

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In the first instance, DFR's strategy is to combine its management team's technical and financial experience to navigate financial markets and to unlock the hidden value inherent in its geological assets. Once that has been achieved, it will look to rebuild the Cluff model of developing robust, low risk production and stable cash flow over a horizon of five to 10 years at a level at or above c 40,000oz per year from a benign open pit.

In this context, Cascades is its top corporate priority and DFR intends to advance the project to the BFS stage of development and then to either (1) finance and develop it or (2) monetise the asset by selling it to a larger company; management would then assess the opportunity of acquiring a further asset to develop.

After Cascades, Kalaka (in Mali) and Gurara (in Nigeria) rank approximately joint second in terms of corporate priority. DFR's intention at Kalaka is to quickly delineate a resource and then to investigate putting the project into production as a small heap leach operation with minimal (c US\$20m) capital expenditure. In Nigeria, given the early-stage opportunity, its intention is to take a big land position in the country and then to develop its assets in the conventional manner.

At the same time, it is assumed that the dominant shareholding positions of DFR's two largest shareholders, Jean-Raymond Boule and Brian Kiernan, will dilute by a process of natural attrition.

## **Valuation**

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At its current share price of C\$0.07 and a foreign exchange rate of C\$1.3433/US\$, DFR has an enterprise value that equates to US\$25.53 per attributable resource ounce (using end-Q223 net debt). By contrast, an updated analysis (below) of exploration companies currently operating in the region suggests a contemporary average in situ valuation of US\$23.71/oz (inherently adjusted for sovereign risk):



**Exhibit 12: West African explorers' in-situ resource valuations**

	EV (US\$m)	Tonnage (Mt)	Grade (g/t)	Contained gold (koz)	Attributable gold (koz)	EV per oz (US\$/oz)
Cora Gold	11.92	24.8	1.15	920.3	920.3	12.95
Desert Gold Ventures	5.82	29.2	1.15	1,081.4	1,081.4	5.38
GoldStone Resources	17.16	10.6	1.77	601.8	601.8	28.51
Mako Gold	5.16	22.5	1.20	868.2	781.4	6.60
Montage Gold Corp	65.70	252.2	0.61	4,941.4	4,482.4	14.66
Oriole Resources	3.87	4.3	2.20	304.8	274.3	14.10
Predictive Discovery	272.96	76.8	1.69	4,180.1	3,795.2	71.92
Toubani Resources	9.19	103.6	0.94	3,144.4	2,830.0	3.25
Golden Rim Resources	10.52	75.5	1.21	2,929.9	2,197.4	4.79
<b>Totals/averages</b>	<b>402.28</b>	<b>599.43</b>	<b>0.98</b>	<b>18,972.3</b>	<b>16,964.1</b>	<b>23.71</b>

Source: Edison Investment Research, Refinitiv, company sources

We estimate that DFR's two-phase drilling programme has the potential to approximately double its existing resource from 635koz (on a 100% basis) to 1,245koz at a relatively modest direct cost of US\$2.0m (assuming a conservatively high drilling cost of US\$200/metre 'all in'), of which approximately US\$1.0m has already been expended in the first phase of drilling, which was reported to have been completed on 25 May 2023. As such, the incremental, direct cost of US\$1.0m to delineate an additional 610koz of resources at Cascades equates to a very competitive unit cost of just US\$1.64 per ounce.

In the event, DFR's first phase drilling programme in Q123 slightly exceeded its original scope, with the completion of 5,641m of RC drilling across 57 holes (average 99m per hole). Highlights of the programme were as follows:

- Two significant new zones confirmed with resource potential from first-pass drilling at the Sina Yar and Far East targets.
- Intersections at Sina Yar included 34m at 1.83g/t gold in hole CS23-RC077 from 50–84m.
- A wide mineralised zone of 48m at 0.42g/t at the Far East target.
- Extension of the 2022 discovery zone identified from step-out drilling at the TT13 target.

Of particular note, management reported that it was 'encouraged by the consistent mineralisation across the licence area' and is now undertaking further analysis to determine the optimal approach for phase two of its drilling programme.

## Potential

To date, only a fraction of the identified vein system at Cascades has been drill tested and typically only to a depth of c 100m (cf the 250–300m depth to which open-pit orebodies in West African Birimian systems are typically mined). Exhibit 13, below, provides a summary of DFR's assessment of the percentage of each of Cascades' 10 structures drilled plus our estimate of the potential mineral endowment of each based on their mapped strike and estimated width down to a depth of 200m at the same grade as that already delineated at Daramandougou (ie, 1.6g/t – see Exhibit 7, above).



**Exhibit 13: Percentage of structures drilled to date at Cascades and estimate of potential mineral endowment\***

Source	DFR Gold							Edison Investment Research			
Zone*	Drilled strike (m)	Mapped strike (m)	Licence strike (m)	Mapped strike	>100m vertical depth	Licence strike	Mapped x depth x strike	Est. volume (Mm <sup>3</sup> )	Mass (Mt)	Grade (g/t)	Est. contained gold (koz)
Western	4,000	4,600	15,000	87%	50%	27%	12%	13.8	41.4	1.60	2,130
Central	8,000	8,400	15,000	95%	50%	53%	25%	16.8	50.4	1.60	2,593
Eastern	4,800	12,000	15,000	40%	50%	32%	6%	24.0	72.0	1.60	3,704
East 2	-	6,000	15,000	0%	0%	0%	0%	12.0	36.0	1.60	1,852
East 3	-	6,000	15,000	0%	0%	0%	0%	12.0	36.0	1.60	1,852
Far East	1,100	9,500	25,000	12%	0%	4%	0%	19.0	57.0	1.60	2,932
FE2	400	4,600	25,000	9%	0%	2%	0%	9.2	27.6	1.60	1,420
FE3	-	4,400	25,000	0%	0%	0%	0%	8.8	26.4	1.60	1,358
TT13	1,200	6,000	25,000	20%	0%	5%	0%	12.0	36.0	1.60	1,852
Sina Yar	500	10,200	25,000	5%	0%	2%	0%	20.4	61.2	1.60	3,148
<b>Totals</b>	<b>20,000</b>	<b>71,700</b>	<b>200,000</b>	<b>28</b>		<b>10</b>		<b>106.8</b>	<b>444.0</b>	<b>1.60</b>	<b>22,840</b>

Source: DFR, Edison Investment Research. Note: \*See Exhibit 3. Uniform rock density of 3t/m<sup>3</sup> assumed.

It is important to note that the probability of DFR delineating a resource of 22.8Moz at Cascades is vanishingly small in our opinion (excepting the possibility of additional structures, mapped strike extensions, additional width, greater depth and/or higher grades). It does, nevertheless, present an indication of the maximum possible mineral endowment that could potentially be contained within the structures that DFR is drilling. It also demonstrates that estimates of mineral endowment up to 5.0Moz (or 21.9% of the potential maximum) are feasible, suitably caveated and subject to future exploration investment.

## Financials

DFR had US\$1.3m in net cash at end-FY22. In H123 it 'burnt' US\$2.2m in cash (with 98.0% of direct exploration expenditure being invested at Cascades) and raised US\$1.7m via the issue of unsecured convertible debentures to insiders and management. This left DFR with cash of US\$0.9m at end-H1 and net debt of US\$1.1m, having completed its phase one drilling programme. In order to complete phase two of the drilling programme and update its resource at Cascades, we estimate that DFR will require an additional US\$1.5m in funding, being the same amount (US\$1.0m) in phase two as in phase one for approximately the same number of metres drilled (5,000m) at approximately the same cost (US\$200/metre 'all in') plus an additional 50% to cover corporate overheads. Of this funding requirement, the majority (US\$0.9m) will be covered by cash balances.

DFR's debentures will bear interest at a rate of 12.5% pa and will mature on 29 February 2024, unless converted earlier in accordance with their terms, which are (among other things) that they are automatically convertible into common shares of the company on the earlier of: (1) the maturity date, or (2) the completion by the company of an equity raise in an aggregate amount of at least US\$2.0m. Note that, if converted pursuant to an equity raise, the principal will be converted at the higher of (1) the closing price of the shares on the TSX-V on 5 April 2023 (being C\$0.12 on the date before the debentures were issued and deemed the 'minimum permitted price') and (2) the subscription price per common share in the equity raise. If no equity raise occurs prior to the maturity date, the principal will be converted at the higher of (1) the minimum permitted price and (2) the volume weighted average price of the shares on the TSX-V for the 30 days prior to the maturity date. In both cases, interest will be converted according to a similar, but slightly different, formula.

**Exhibit 14: Financial summary**

	US\$'000s	2021	2022
Year end 31 December		IFRS	IFRS
<b>PROFIT &amp; LOSS</b>			
Revenue		0	0
Cost of Sales		(1,002)	(2,299)
Gross Profit		(1,002)	(2,299)
EBITDA		(1,002)	(2,313)
Operating Profit (before amort. and except.)		(1,002)	(2,306)
Intangible Amortisation		0	0
Exceptionals		519	(14,396)
Other		(56)	(46)
Operating Profit		(539)	(16,748)
Net Interest		(15)	10
Profit Before Tax (norm)		(1,017)	(2,296)
Profit Before Tax (FRS 3)		(554)	(16,738)
Tax		0	0
Profit After Tax (norm)		(1,017)	(2,296)
Profit After Tax (FRS 3)		(554)	(16,738)
Average Number of Shares Outstanding (m)		72.2	131.3
EPS - normalised (c)		(1.4)	(1.7)
EPS - normalised and fully diluted (c)		(1.4)	(1.7)
EPS - (IFRS) (c)		(0.8)	(12.7)
Dividend per share (c)		0.0	0.0
Gross Margin (%)		N/A	N/A
EBITDA Margin (%)		N/A	N/A
Operating Margin (before GW and except.) (%)		N/A	N/A
<b>BALANCE SHEET</b>			
Fixed Assets		0	36
Intangible Assets		0	0
Tangible Assets		0	36
Investments		0	0
Current Assets		319	1,711
Stocks		0	0
Debtors		54	365
Cash		265	1,346
Other		0	0
Current Liabilities		(383)	(388)
Creditors		(383)	(382)
Short-term borrowings		0	(6)
Long-term Liabilities		0	0
Long-term borrowings		0	0
Other long-term liabilities		0	0
Net assets		(64)	1,360
<b>CASH FLOW</b>			
Operating cash flow		(962)	(4,007)
Net interest		0	10
Tax		0	0
Capex		0	(4)
Acquisitions/disposals		0	246
Financing		(7)	4,836
Dividends		0	0
Net Cash Flow		(970)	1,081
Opening net debt/(cash)		(1,235)	(265)
HP finance leases initiated		0	0
Other		0	(6)
Closing net debt/(cash)		(265)	(1,340)

Source: Company accounts, Edison Investment Research

<b>Contact details</b> Lot 223 Le Mahe Beau Vallon 50810 Mauritius +1 604 283 7185 www.dfrgold.com	<b>Revenue by geography</b> N/A
<b>Management team</b>	
<b>Chairman: Brian Kiernan</b> With more than 25 years of experience in the exploration and mining business in Africa and North America, Brian was previously CEO of Moydow where he oversaw the discovery and development of several world-class gold deposits, most notably at Subika, now part of the Newmont Ahafo mine.	<b>CEO: John McGloin</b> A geologist with financial market experience as a former mining analyst in London, John worked as a consultant and competent person throughout Africa and Asia in the 1990s. More recently, he was CEO of Amara (formerly Cluff Mining) and managed the team that defined the 4Moz Yaoure sulphide orebody that is now Perseus Mining's flagship property, steering the advance of the project through exploration and feasibility and completing a merger with Perseus to reduce dilution for investors and deliver value.
<b>CFO: Jean Lindberg Charles</b> With more than 20 years of experience in the mining, fishing and leisure industries across Africa, Jean has held a number of senior positions, including CFO, at Sierra Rutile (an AIM-listed mining company producing rutile and zircon in Sierra Leone that was acquired by Iluka Resources in 2016).	<b>VP Exploration: Kieran Harrington</b> Kieran is a professional geologist with more than 35 years of experience in the metals exploration and mining sector, including a strong track record of discovery, particularly in gold in West Africa as chief geologist and COO at Glencar Mining, where he led the technical teams in the discovery of both the Wassa deposit in Ghana, and the Komana/Yanfolila deposit in Mali (both now large-scale operating mines).
<b>Principal shareholders</b>	<b>(%)</b>
J-R. Boulle	39.08
B.P. Kiernan	36.52
L. Comerford	1.16
J.L. Charles	1.04
D.J. Reading	0.81
S. Van Der Spuy	0.74
J.F.G. McGloin	0.35

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