Management's Discussion and Analysis of Financial Condition and Results of Operations
For the year ended December 31, 2023
Date of release April 29, 2024

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

1. INTRODUCTION

This Management Discussion and Analysis (''MD&A") for the year ended December 31, 2023, has been prepared as at April 29, 2024, and contains certain "forward-looking statements" under the Canadian securities laws. All statements, other than statements of historical fact included herein, including without limitation statements regarding potential mineralization, exploration results, plans and objectives of DFR Gold Inc. ("DFR Gold", "DFR" or "the Company" or together with its subsidiaries, "the Group"), are forward-looking statements that involve various risks, uncertainties and assumptions. The MD&A should be read in conjunction with the condensed consolidated financial statements of DFR.

The Company changed its name from Diamond Fields Resources Inc. to DFR Gold Inc. effective January 30, 2023.

(i) Geopolitical and political situation

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. More recently, the armed conflict in Israel and the Gaza Strip in the Mediterranean has entered a critical phase, and further exacerbated by the bombing by Iran. In addition to the human toll, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. Additionally, the Countries where the Company conducts exploration in West Africa and the nearby region continue to experience civil unrest and/or warfare including civilians attacks.

Though the Company's activities have so far not been significantly affected by the situation in eastern Europe, Middle East and West Africa, 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, instability and reactions to ongoing developments by global financial markets may have implications on the Company's activities and ability to raise finance.

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 and Middle East conflict on its operation. Although the Company does not have direct exposure to Ukraine, Russia, Israel and the Gaza strip, it is likely to be affected by the overall economic uncertainty and any impact on the global economy and major financial markets arising from the war.

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

The Company recorded the following material transaction following the end of the reporting period, as further described under note 14 of this report:

(a) On February 9, 2024, the Company exercised its option (the "WUO Land 2 Option") to acquire the WUO Land 2 exploration permit in Burkina Faso for a payment of $300,000 pursuant to an option agreement between the option holder and the Company. The funding for exercising the WUO Land 2 Option was obtained through a loan from Spirit Resources SARL, an entity which, as at that date, held 39.1% of the Company's outstanding shares.

(b) On February 22, 2024, the Company and M. Brian Kiernan who, as at that date, held 36.5% of the Company's outstanding shares, entered into an agreement pursuant to which M. Kiernan provided $500,000 loan to the Company;

1. INTRODUCTION (CONTINUED)

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

(c) On February 29, 2024, the Company converted the principal amount of the unsecured convertible debentures originally issued to insiders on April 6, 2023, to an extent of $1,705,750 and interest thereon to an extent of $192,189 into equity.

(iii) Management's responsibility for financial reporting

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

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

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

(iv) Material uncertainty – reliance on shareholders' support

The Company reported a shareholders' deficit of $4,166,930 (2022: $1,099,926) and a working capital deficiency of $2,093,043 (2022: working capital $1,323,739) including convertible debentures and interest thereon to an extent of $1,862,889 as at December 31, 2023, converted after the period end. These factors, combined with the loss for the year ended December 31, 2023 give rise to material uncertainties that raise doubt about the Company's ability to continue as a going concern.

2. OVERVIEW

(i) Description of business

DFR Gold Inc., formerly Diamond Fields Resources Inc., announced changing its name to DFR Gold Inc. effective January 30, 2023. The Company was incorporated under the Canada Business Corporations Act on May 28, 2000 and is currently a temporary tax resident in United Kingdom. On June 28, 2022, the Company completed the acquisition and restructuring of Moydow Holdings Limited ("Moydow"), a BVI company owning a portfolio of gold assets in West Africa. Moreover, DFR sold its Namibian diamond assets on November 28, 2022, as such, the Group started reporting the results of Moydow as from June 28, 2022 and reporting the 2022 comparatives for Namibia as discontinued operations. The Company is actively engaged in the development of its existing assets whilst continuing assessing additional mineral projects around the world to identify new opportunities.

The Company is listed on the TSX Venture Exchange ("TSXV") as a Tier 2 mining issuer with trading symbol DFR.

2. OVERVIEW (CONTINUED)

(ii) Principal Assets

Approval of disclosure of technical information

Mr. Kieran Harrington PGeo EurGeol, Vice President, Exploration of DFR Gold Inc. and a Qualified Person as defined under Canadian National Instrument 43 101 – Standards of Disclosure for Mineral Projects ("NI 43 101"), has reviewed and approved the technical information contained in this report.

***Cascades (Gold) – Burkina Faso*.**

The Company's 80% controlled subsidiary, Moydow Holdings Limited ("Moydow"), holds two exclusive options for the Cascades project, until May 2024, to purchase 100% of the license holder's interest in the WUO Land 1 and WUO Land 2 exploration licenses covering 304 km^2 of ground in the Banfora greenstone belt in southwest Burkina Faso. The license area contains a mineralised corridor 30km long and 5km wide containing a number of auriferous quartz shears. The Company exercised its option to acquire the WUO Land 2 exploration permit on February 9, 2024.

Data for over 65,000 meters of historical drilling has been acquired by Moydow from previous option holders. The Company's subsidiary undertook a confirmatory twin and infill drilling campaign, consisting of 4,739 metres reverse circulation ("RC") drilling in 2021, following which a maiden resource statement was published. Moydow completed 4,975 meters of RC drilling program in August 2022, started prior to its acquisition by DFR, and further 5,641 meters of RC drilling in 2023. Combining the historic drilling data, and drilling performed from 2021 onwards, the Cascades project counts in excess of 80,000 meters of drilling. A NI 43-101 compliant technical report announced by the Company on October 25, 2021, and amended on April 20, 2022, reported:

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

Kalaka (Gold) - Mali.

The Company acquired, on June 28, 2022, a 40% indirect interest in the Kalaka license in Mali (as part of the Moydow transaction). The Kalaka gold project is located 260km South-East of Bamako in South Mali, 80km south of the 8 million Ounces Morila gold mine owned by Barrick/AngloGold Ashanti and 85km northwest of the 6 million ounces Syama gold mine owned by Resolute. Previous works at Kalaka indicate a large, low-grade zone mineralization with multiple drill intersections. A drilling programme at Kalaka which commenced in July 2023 has ended in August 2023 achieving 705 meters of RC drilling.

Gurara, Nigeria (Gold).

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

2. OVERVIEW (CONTINUED)

(ii) Principal Assets (Continued)

Beravina (Zircon)

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

(iii) Highlights

The Group posted net losses amounting to $4,214,394 (2022: $16,738,746), of which an extent of $3,864,203 (2022: $16,617,268) is attributable to Equity Shareholders, for year ended December 31, 2023. The net loss is made up principally of: exploration and evaluation expenditures (arising mainly as a result of the drilling on Cascades Project expensed) to an extent of $1,790,849 (2022: $15,150,212, of which $14,562,694 impairment of E&E asset), administrative expenses to an extent of $1,342,564 (2022: $1,434,682), share based compensation to an extent of $791,010 (2022: $284,038), interest expense to an extent of $144,816 (2022: income $9,822) and share of losses of associates $222,086 (2022: $500). DFR received annual income of $100,000 (2022: $142,389) pertaining to Namibian assets disposed in 2022.

Overall operation updates and performance
On May 25, 2023, DFR announced the completion of 5,641 meters of reverse circulating drilling (the "Drilling Program") on the Cascades Project in Burkina Faso, West Africa, started during the first quarter of 2023. The Drilling Program confirmed significant new zones with result potential.

Corporate activities
On April 6, 2023, DFR announced a private placement of unsecured 12.5% convertible debentures (the "Debentures"), with insiders and management, for gross total proceeds in an aggregate amount of US$1,705,750. The Debentures, together with interest thereon, have been converted into equity on February 29, 2024 (the "Maturity date"), subsequent to the Balance Sheet date.

On February 15, 2024, John McGloin stepped down as CEO and director of the Company, and on the same date Al Gourley and David Reading also stepped down as directors of the Company. Brian Kiernan who, as that date, held 36.5% interest in the Company and until then was the non-executive chairman, has assumed the role of Interim CEO, and Len Comerford has been appointed as a member of the Audit Committee in replacement of Al Gourley. The Board is now composed of five directors, namely; Brian Kiernan as Chairman, Interim CEO and President, Sybrand Van Der Spuy as COO, and, Len Comerford, Bertrand Boulle and Carlo Baravalle as non-executive directors and also members of the Audit Committee.

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

3. RESULTS OF OPERATIONS

Review of selected financial and operating results
Selected year ends financial and non-financial information

	Years ended December 31 2023 $	December 31 2022* $
Exploration and evaluation expenses*	**(1,790,849)**	(587,518)
Acquisition costs expensed	**-**	(14,562,694)
General and administrative expenses*	**(1,342,564)**	(1,434,682)
Share based compensation	**(791,010)**	(284,038)
Net Interest (expense) income	**(144,816)**	9,822
Foreign exchange (loss) gain	**(23,069)**	24,141
Share of loss of joint venture / associate	**(222,086)**	(500)
Loss from discontinued operation*	**-**	(45,666)
Gain from disposal of subsidiaries	**100,000**	142,389
Net loss for the period	**(4,214,394)**	(16,738,746)
Exchange difference on translation of foreign operations	**3,794**	(18,597)
Total comprehensive loss	**(4,210,600)**	(16,757,343)
Loss attributable to:		
- Equity shareholders	**(3,864,203)**	(16,617,268)
- Non-controlling interest	**(350,191)**	(121,478)
Weighted average number of shares outstanding	**181,670,852**	131,303,835
Loss per share – basic and diluted	**(0.02)**	(0.13)

* Expenses pertaining to the Namibian projects for the comparative period have been reclassified to discontinued operations.

Evaluation and Exploration expenditures (''E&E'')
E&E to the extent of $1,790,849 (2022: $587,518) have been incurred for the year ended December 31, 2023, out of which expenditures on; Cascades project to an extent of $1,745,419 (2022: $460,227), Beravina project to an extent of $16,845 (2022: $10,119) and desktop evaluation expenditures $28,585 ($117,172). Out of the E&E, an extent of; $782,440 (2022: $219,921) is attributable to the drilling campaign at Cascades, $881,740 (2022: $334,407) on support and logistics and, $115,909 ($33,190) on licences, surface rents, insurances and options fees for the year ended December 31, 2023. Costs to the extent of $197,660 recognised under 'other prospects' for the nine-months ended September 30, 2023, have been written back pursuant to an option agreement with Brian Kiernan which allows Brian Kiernan to pursue the project with a first right of refusal to buy back for the Company. During the preceding financial year, an extent of $14,562,694 was recorded as evaluation and exploration asset arising on the acquisition and first time consolidation of Moydow.

Evaluation and Exploration expenditures – Associates / Joint Venture (JV)
The Company incurred an extent of $222,086 (2022: $500) expenditures on associate / joint venture operations year ended December 31, 2023, out of which $172,283 (2022: $nil) is attributable to Kalaka project for general administrative purposes and a small drilling programme, $29,897 (2022: $nil) attributable to Gurara project and the balance on common costs attributable to both projects for the year ended December 31, 2023.

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

3. RESULTS OF OPERATIONS (CONTINUED)

Review of selected financial and operating results (Continued)

General and Administrative Expenses ("G&A")
The Company incurred $1,342,564 (2022: $1,434,682) on G&A for the year ended December 31, 2023, consisting mainly of: salary / fees for officers (CEO, COO and CFO) to an extent of $680,000 (2022: $840,500), the lower salary/fees for officers for 2023 is attributable to no bonus awarded in 2023 compared to $200,000 bonus awarded (to CFO and COO) in 2022; other consultancy and professional fees to an extent of $467,020 (2022: $398,469), the increase being attributable to the under provision of audit fees in 2022 accounted for in 2023; investor relations costs to an extent of $124,884 (2022: $63,875), the increase mainly attributable to attending investor meetings and conferences in 2023 (Indaba, PDAC and Mines and Money); and, the remaining G&A costs to an extent of $70,660 (2022: $131,838) consisting of insurances, office expenses and regulatory costs is lower due to once off office expenses incurred for Burkina Faso and the costs incurred in relation to the Moydow transaction in 2022.

Share based compensation
The Company granted an aggregate of 17,050,000 new Stock Options (in September and December 2022), with an exercise price of C$0.20 per share, to directors and officers of the Company. The grant of options gave rise to share-based compensation ("SBC") to an extent of $1,075,048, out of which an extent of $284,038 has been expensed during the year ended December 31, 2022 and the balance amounting to $791,010 recognised in 2023.

Net interest expense
The net interest expense amounting to $144,816 (2022: income $9,822) for the year ended December 31, 2023 were incurred mainly as a result of the Company issuing convertible debentures aggregating $1,705,750 in April 2023, bearing interest at the rate of 12.5%, as more fully disclosed under section 6(ii) of this MD&A. Interest payable on debentures amounted to $157,139 (2022: $nil), partly offset by interest received on deposit/call account amounting to $12,323 (2022: $9,822) for the year ended December 31, 2023.

Loss from discontinued operations
The Company disposed of its previously owned Namibian subsidiaries (Diamond Fields (Namibia) (Pty) Ltd. and Namibian Diamond Company (Pty) Limited) on November 28, 2022. Costs incurred (mainly to keep the licences in good standing) for the comparative period amounted to $45,666.

4. REVIEW OF OPERATIONS

Projects overview

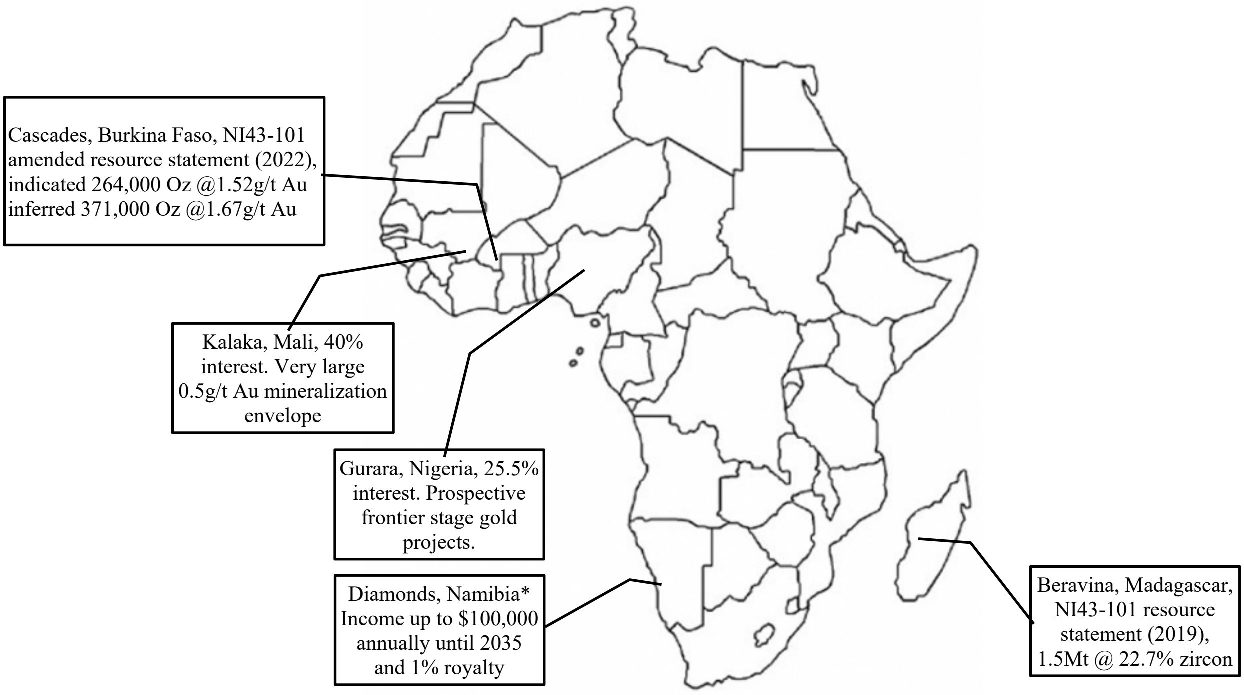
DFR has a portfolio of exploration and development projects across Africa, with a focus on gold, including the highly prospective Cascades Project in Burkina Faso. The Company's portfolio and respective interest is summarised as follows:

Project	Interest
Cascades, Burkina Faso - Gold	80% (subject to conditions – see below)
Kalaka, Mali – Gold	40% participating interest - Joint Venture
Gurara, Nigeria – Gold	25.5% participating - Joint Venture
Beravina, Madagascar - Zircon	100%

4. REVIEW OF OPERATIONS (CONTINUED)

Projects overview (continued)

The Company's interests are located in various regions of Africa as depicted below:



*DFR sold its diamond projects to JBDM Ltd. (a related party through common shareholding by Mr. Jean Raymond Boulle) in 2022 when it received an initial payment of $150,000 and pursuant to the agreement with JBDM, further annual payments of up to $100,000 until the year 2035 in addition to 1% on net sale royalty shall accrue. The first annual payment of $100,000 has been received in September 2023.

Exploration Projects

Cascades (Gold) – Burkina Faso

The Company announced on August 25, 2021, entering into definitive agreements (the "Definitive Agreements") to acquire Moydow Holdings Limited, pursuant to which upon closing on June 28, 2022, DFR has acquired an 80% interest in the Cascades project and Panthera Resources Plc. ("Panthera") will own a carried 20% interest on the condition that DFR invests $18,000,000 (the "Deemed Cost Base") in the project by September 30, 2026. Panthera shall have the right to acquire an additional 10% interest in Cascades by making a payment of up to $7,200,000 following the Trigger Date (defined as the earlier of DFR achieving the Deemed Cost Base or September 30, 2026), thereafter, all interests shall be participating. The Cascades gold exploration project comprising initially of an option for the WUO Land ("WUO Land 1") exploration license, broadened in geographic scope through the acquisition of an option to acquire the WUO Land 2 exploration license, which is contiguous to the WUO Land 1 license. Both option agreements relate to the Cascades project, same ultimate owner (the "License Holder") and are held in escrow with an appointed escrow agent in Ouagadougou, Burkina Faso. The project is located in the Banfora greenstone belt of the West African Birimian Supergroup in Comoé province, southwest Burkina Faso. Cascades is approximately 370km west-southwest of Ouagadougou, and 100km northeast of the Wahgnion gold mine, operated by Endeavour Mining.

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Cascades (Gold) – Burkina Faso (Continued)

The WUO Land 1 option agreement gives DFR exclusive rights until May 27, 2024 to purchase 100% of the License Holder's interest in the WUO Land 1 exploration license for a payment of USD 1,000,000. Moreover, an amount of USD 50,000 (which have all been paid) is payable annually to the License Holder until May 27, 2023. An additional payment of USD 1,000,000 will be made to the License Holder upon the successful definition and reporting of a resource of at least 1,000,000 ounces of gold (under JORC guidelines). In addition, the License Holder retains a 1% net smelter return royalty ("NSR") on all gold produced up to a total aggregate payment of USD 2,000,000. The WUO1 exploration permit (*Permis de Recherche)* was renewed for three years in 2021 and was due for renewal on March 5, 2024, the Company lodged a submission for renewal in December 2023, and the renewal process is ongoing as at that date of this MD&A.

The WUO Land 2 option agreement gives DFR exclusive rights to purchase 100% of the License Holder's interest in the WUO Land 2 exploration license for an aggregate payment of $500,000, out of which $200,000 has been paid and two payments of $150,000 each were due and payable in 2023 prior to exercising the WUO2 option. The License Holder and the Company have entered into an amendment agreement for WUO Land 2 in December 2022 pursuant to which: DFR has an option to pay $25,000 to the License Holder prior to December 31, 2022, to delay the first $150,000 payment until January 31, 2024; and, an option to pay the License Holder $25,000 by May 31, 2023 to delay the second $150,000 payment until May 31, 2024. DFR has paid the first $25,000 in December 2022 and has effected the second $25,000 payment in May 2023, therefore the two $150,000 payments will be due on January 31 and May 31, 2024 respectively. The Company paid $300,000 to the License Holder earlier this year and has exercised the WUO land 2 option, the license will be transferred in the Company's subsidiary's name upon submitting the annual activity report to the Burkina Faso authorities, currently in progress as at the date of this MD&A. The License Holder is also entitled to a net smelter royalty of 1% capped at $2,000,000 on the value of all minerals extracted from the tenement.

The WUO Land 2 exploration permit (*Permis de Recherche*) was granted for a three-year period on November 13, 2018, initially renewed and further renewed for another three-year period until November 12, 2024, and will be subject to a second renewal prior to the three-year term expiring.

Moydow has explored the area since August 2020 and has benefitted from exploration activities undertaken at Cascades by previous operators, High River Gold Mines Limited ("HRG") (now Nord Gold SE ("Nord Gold")) and Taurus Gold Limited ("Taurus") having executed an Exploration Data, Reports and Samples Purchase Agreement on October 9, 2020 with Nord Gold to purchase all of their historic data in consideration of a 0.5% Net Smelter Royalty (NSR) capped at USD 3,000,000.

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

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Cascades (Gold) – Burkina Faso (continued)

Moydow completed its inaugural exploration drilling program, which included 4,739m of reverse core (RC) drilling in 2021, comprising twin drilling of 23 holes in two areas of known, high grade mineralization, 2 infill holes as well as 4 exploration drill holes to test potential extensions. The results of the Moydow's drilling showed strong reproducibility of the HRG and Taurus drill data both in terms of location of mineralization and grade. Moreover, the brownfields exploration drilling showed good predictability of the location of mineralization in extensional drilling to the mineral resource. The HRG, Taurus and Moydow data was therefore taken as sufficiently accurate to be used in the estimation of the maiden mineral resource estimates (MRE) for Cascades. On October 25, 2021, the Company announced a maiden Mineral Resource prepared in accordance with National Instrument 43-101 for the Company's Cascades project, and amended on April 20, 2022, reporting:

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

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

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

Prior to the completion of its acquisition by DFR, Moydow started a drilling program at Cascades during the second quarter of 2022 (the "2022 Drilling Campaign") incorporating infill resource definition and step out drilling at the Daramandougou area (21 RC holes for an aggregate of 2,454 metres) and first-pass exploration drilling on two new previously untested targets in the then newly acquired Wuo Land 2 concession (as announced on 11 March 2022), namely the TT-13 and the Big South targets (22 holes).

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Cascades (Gold) – Burkina Faso (continued)

All holes were drilled at an inclination of 53-55 degrees and an azimuth of 120 degree, aggregating 4,975 metres, the results were announced on September 6, 2022. Results from the 2022 Drilling Campaign support the presence of a significant new gold zone within the Wuo Land 2 area – the TT-13 target. In addition, infill drilling has added important further definition to DFR's geological model based on historical drilling. High grade mineralisation intersected in the Western Zone. Additional test work carried in 2022 supports the view that the gold is essentially free milling, in line with the regional metallurgy.

On May 25 2023, DFR announced the completion of 5,641 meters of reverse circulation drilling on the Cascades Project in Burkina Faso targeting extensions to the current resources and several new targets. The 2023 Drilling Program confirmed significant new zones with result potential. As at the date of issuance of this report, taking into consideration the historic drilling data, an aggregate of 80,403m of drilling has been completed at Cascades.

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

The combined qualifying expenditures and operator's fees on the Cascades Project from the date of the Definitive Agreements (August 25, 2021) to December 31, 2022 aggregated to $2,424,724. Qualifying expenditures and operator's fees for the year ended December 31, 2023 amounted to $2,015,106 as such, the accumulated balance (including operator's fees) from the date of the Definitive Agreements to December 31, 2023 aggregated to $4,439,832.

Kalaka (Gold) – Mali

The Kalaka gold project is located 260km southeast of Bamako in South Mali, 80km south of the 8 million ounces "oz" Morila gold mine owned by Barrick/Anglo Gold Ashanti and 85km northwest of the 6 million oz Syama gold mine owned by Resolute. Pursuant to the definitive agreements announced by the Company on August 25, 2021, upon completion of the Moydow acquisition on June 28, 2022, Moydow's interest in Panthera Mali Resources SARL ("PMR"), a Mali company, which owns 80% of the rights in the Kalaka project through a joint venture agreement (the "Kalaka JVA") with a local participant (the "Local Participant") was spun off (together with the Nigerian gold projects) and brought under a new holding company, Maniger Limited, a BVI company ("Maniger") held as to 50% by DFR and 50% by Panthera. The Company (through Moydow) has complied with all required financial obligations pertaining to the Kalaka JV up to December 31, 2022. DFR was required to fund its share of the Kalaka project expenditures for year 2023 and has funded $183,993 (2022: $nil (as from July 1, 2022)). The Local Participant is entitled to a gross royalty capped at $3,000,000 in aggregate. Other than as described in this section, all project interests pertaining to the Kalaka JVA are participating.

Previous exploration work at Kalaka includes 7,349 soil samples, airborne geophysics comprising 909-line km magnetics and EM, ground IP and 20,952m RAB, AC, RC and DD drilling in 372 holes. This work indicates a large, low-grade zone of mineralization with multiple drill intersections exceeding 150m at the 0.5 g/t Au level at the K1A prospect, just one of several similar targets within the 62.5km2 permit area along an interpreted 47km combined strike.

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Kalaka (Gold), Mali (Continued)

Similarities between the mineralization at K1A and Morila have been noted, in particular, the early intrusion hosted mineralization at Morila. During 2021, an extent of 2,430 metre AC drilling in 94 drill holes, aimed at defining RC drill targets took place at Kalaka, the results announced by Panthera during early 2022, concluded that anomalous gold intersected at all targets tested.

An exploration program comprising 705 meters of RC drilling to complement the existing diamond and reverse circulation drilling was executed at the K1A target during the year 2023. The results were announced by DFR on October 10, 2023 and validated the very significant wide mineralised intersections recorded in the historical drilling.

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

Gurara (Gold), Nigeria

Upon closing of the Moydow transaction on June 28, 2022, Moydow's interest in Gurara Holdings Limited ("Gurara"), a BVI company which holds 51% of the rights in several Nigerian mineral licenses through three Nigerian companies and operated through a joint venture agreement (the "Gurara JVA"), was spun off (together with the Kalaka gold project) and brought under a new holding company, Maniger Limited, a BVI company ("Maniger") held as to 50% by DFR and 50% by Panthera. The Company's share of Gurara joint venture expenditures for the year ended December 31, 2023 amounted to $29,238 (2022: $nil), consisting mainly of costs to keep the mineral licenses in good standing.

The "Gurara JVA" involves the following parties:

(1) Moydow Holdings Limited ("Moydow"), now DFR;

(2) Zinariya Mining Limited ("Zinariya"), a BVI company. Zinariya owns the remaining interest in Gurara;

(3) Gurara Holdings Limited ("Gurara"), a BVI Company, which holds 99.99% in three Nigerian companies which in turn holds 100% of several mineral licenses ; and,

(4) PW Nigeria Mining Ltd ("PW Mining"), a Nigeria company which operate the joint venture.

Pursuant to the Gurara JVA:

- Zinariya granted a first option to Moydow to acquire a 51% interest in Gurara by investing a total of $1,000,000, Moydow has earned the First Option and held a 51% interest in Gurara, as such, following completion of the acquisition of Moydow by DFR and restructuring, DFR and Panthera both hold an equal 25.5% participating interest in Gurara, and PW holds the balance.

- Moydow (now Maniger) had a second option (the "Second Option") to earn a 65% interest in Gurara expiring in July 2023 by spending $2,000,000 in aggregate. Maniger has not incurred the requisite expenditure and has not earned the Second Option.

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Gurara (Gold), Nigeria (Continued)

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

Madagascar "Beravina" Zircon

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

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

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

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

During the year 2022, an appointed consultant completed an imagery survey and recommended surface sampling which the Company will undertake subject to having the required equipment and weather permitting. Most of the $12,490 (2022: $13,694) expenses incurred in relation to the Beravina project for the nine-months period relate to core storage and for keeping the Company's Madagascar subsidiary and the Beravina license in good standing.

Namibian Marine Diamond Concessions

The Company sold its Namibian subsidiaries, consisting of 100% interest in Diamond Fields (Namibia) (Pty) Ltd. (DFN) and 70% of Namibian Diamond Company (Pty) Ltd. (NDC) (the "Namibian Assets"), to Jean Boulle Diamond Mines Ltd., now JBDM Ltd. ("JBDM") pursuant to a diamond business sale agreement dated November 28, 2022. DFN holds mineral licenses ML111 and ML139, and NDC holds ML32.

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

4. REVIEW OF OPERATIONS (CONTINUED)

Exploration Projects (Continued)

Namibia Marine Diamond Concessions (Continued)

In consideration for the Namibian Assets, the Company received an initial payment of $150,000 (the "Initial Payment") in 2022 and is entitled to annual payments of $100,000 (as to $90,000 for ML111, $5,000 for each of ML32 and ML139) (the "Annual Payments") proportionately, as from September 1, 2023 until the earlier of either JBDM returns the license to the Company or September 1, 2035; and, payment of a 1% net sales royalty. As part of the agreements with JBDM, the Company assigned to JBDM a loan to an extent of $8,128,306 receivable by the Company from DFN, which based on the current financial condition of DFN is fully impaired. The results of the Namibian Concessions have been reported as '*discontinued operations*' until the date of sale. The Company has received the $100,000 annual payment for 2023.

5. SELECTED QUARTERLY FINANCIAL INFORMATION

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

All amounts in US$	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31 2022
Other income, gains on sale of assets	-	100,000	-	-	142,389	-	-	-
(Loss) Profit	(336,177)	(957,451)	(1,611,664)	(1,309,102)	(552,836)	(724,889)	(14,355,488)	(583,784)
Basic (loss) profit per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.18)	(0.01)

6. CAPITAL RESOURCES AND LIQUIDITY

(i) Cash and Working Capital

As at December 31, 2023, the Company had working capital deficit of $2,093,043 (December 31, 2022: working capital $1,323,739) including cash amounting to $122,961 (December 31, 2022: $1,346,259). The decrease in working capital is mainly attributable to: cash used in operations amounting to $2,811,334 (mainly for G&A and Cascades project as discussed under Results of Operations further above); joint venture spending to an extent of $222,086 and interest payable on debentures amounting to $157,139. The Company received $1,705,750 debenture loans as announced on April 6, 2023, reflected in cash balance and current liabilities.

Cash balance stood at $122,961 (December 31, 2022: $1,346,259) as at December 31, 2023. The reduction in cash balance to an extent of is mainly attributable to cash used in operation amounting to $2,811,334, other movement in working capital and joint venture spending, partly offset by proceeds received from debentures amounting to $1,705,750 and annual $100,000 income from the Namibian assets disposed in 2022.

6. CAPITAL RESOURCES AND LIQUIDITY

(i) Cash and Working Capital (Continued)

Other receivables amounting to $181,171 (2022: $365,084) include: a net receivable amounting to $98,689 from Brian Kiernan (and associates) arising on the transfer of a project previously pursued by the Company to Brian Kiernan pursuant to an agreement which gives the Company an option to acquire back the project, subject to certain conditions; a net receivable amounting to $26,757 from Panthera Resources Plc. in relation to previous advances on the Kalaka project between 2021 and 2022 which have been partly refunded; and, the remaining balance includes prepayments made in the ordinary course of business.

Current Liabilities amounting to $2,397,175 (December 2022: $387,604) include mainly: Debenture loan to an extent of $1,705,750 (2022: $nil) and $157,139 interest thereon as at December 31, 2023. Accounts payables and accrued liabilities amounting to $528,489 (2022: $271,807) as at December 31, 2023, include unpaid fees to management and related parties to an extent of $301,106 and bills payable to other service providers.

(ii) Share and loans transactions

The Company had 181,670,852 shares issued and outstanding as at December 31, 2022 and 2023. The Company announced a private placement of unsecured convertible debentures (the "Debentures") on April 6, 2023. The Debentures bear interest at a rate of 12.5% per annum and, unless converted earlier, will mature on February 29, 2024 (the "Maturity Date"), and the Debentures amounting to $1,705,750, together with interest thereon to an extent of $192,189 have been converted on the Maturity Date.

The salient terms of the Debentures are outlined hereafter. If converted earlier in accordance with its terms, the interest payable will be equal to the amount of interest that would have been payable under the Debentures if the conversion had occurred on the Maturity Date. The Debentures are automatically convertible into common shares of the Company ("Common Shares") on the earlier of: (i) the Maturity Date, and (ii) the completion by the Company of an equity raise in an aggregate amount of at least US$2 million (an "Equity Raise"). If converted pursuant to an Equity Raise, the principal will be converted at the higher of: (i) the closing price of the Common Shares on the TSX Venture Exchange (the "TSX-V") on April 5, 2023, being the date before the Debentures were issued (the "Minimum Permitted Price"), and (ii) the subscription price per Common Share in the Equity Raise (such higher price, the "Equity Raise Principal Conversion Price"), and interest will be converted at the higher of: (i) the Equity Raise Principal Conversion Price, and (ii) the closing price of the Common Shares on the date immediately preceding such conversion. The Debentures (and the underlying Common Shares) are subject to a statutory hold period in Canada, which expire on August 7, 2023, being the date that is four months and one day from the date of issuance. If no Equity Raise occurs prior to the Maturity Date, the principal will be converted at the higher of: (i) the Minimum Permitted Price, and (ii) the volume weighted average price of the Common Shares on the TSX-V for the 30 days prior to the Maturity Date (such higher price, the "Maturity Date Principal Conversion Price") and interest will be converted at the higher of: (i) the Maturity Date Principal Conversion Price, and (ii) the closing price of the Common Shares on the TSX-V on the date immediately preceding the Maturity Date.

The Company has used the proceeds of the Debentures partly for drilling at Cascades and for working capital. The Debentures were issued to related parties; Brian Kiernan, a director of the Company, Spirit Resources SARL ("Spirit") (which holds more than 10% of the issued and outstanding shares of the Company), John McGloin, then CEO and a director of the Company, Jean Lindberg Charles, CFO of the Company, and Kieran Harrington, VP Exploration of the Company.

6. CAPITAL RESOURCES AND LIQUIDITY (CONTINUED)

(iii) Stock options

The Company operates a fixed, less than 10% Stock Plan and has approval to issue up to a maximum of 17,800,000 stock options. As at December 31, 2022, 17,650,000 stock options were issued and outstanding, on February 5, 2023, an extent of 400,000 stock options with an exercise price of C$0.145 per share expired unexercised and in August 2023, further 200,000 stock options with a strike price of C$0.145 per share expired unexercised such that as at December 31, 2023, a balance of 17,050,000 options were issued and outstanding with an exercise price of C$0.20 per share, leaving 750,000 stock options available for future grant. During the year 2022, the Company granted an aggregate of 17,050,000 stock options to directors and management with a vesting period of one year, expiry period of four years and a strike price of C$0.20 per share. Applying expected volatility rates of 132.98% and 133.65% and risk-free interest rate of 3.75%, the share-based compensation cost ("SBC") was calculated at $1,075,048, out of which $284,038 has been recognized as an expense in 2022 and the balance amounting to $791,010 recognized in 2023.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

(i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and other parties by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed under Note 15 of the financial statements.

(ii) 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.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iii) 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.

(iv) Unsecured convertible bonds

During the year, the Company issued unsecured convertible debentures ("Debentures") by way of a private placement with insiders. The Debentures carried interest and were payable on a defined maturity date, unless they were converted earlier. The Debentures have unique terms and management has to exercise judgement to assess whether the Debentures constitute compound financial instruments and whether they are derivative financial instruments. In making this assessment, management considers whether the contract will be settled by the Company by receiving or delivering a fixed number of its own shares for no future consideration; or by exchanging a fixed number of its own shares for a fixed amount of cash or other financial assets. Management also considers the 'fixed for fixed' requirement under IAS 32 'Financial instruments: Presentation'.

8. ADOPTION OF NEW ACCOUNTING STANDARDS & OTHER PROPOSED FUTURE ACCOUNTING CHANGES

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

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

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

9. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS

(i) Capital Management

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

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

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

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

(ii) Financial Instrument Risks

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

Market Risk

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

Foreign currency risk

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

Interest rate risk

Interest rate risk is the potential that a loss could result from a change in interest rate. During the periods ended December 31, 2023 and December 31, 2022, the Company was not exposed to financial instruments subject to interest rate risk:

Equity price risk

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

9. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(ii) Financial Instrument Risks (continued)

Commodity price risk

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

Credit risk

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

Liquidity risk

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

10. RISK FACTORS

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

(i) Additional Financing Requirements

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

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

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

10. RISK FACTORS (CONTINUED)

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

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

(iii) Political Risks

The Company strives to minimize political risk by monitoring events in countries where it operates or where it considers operating, and by complying with local laws and regulations. The Company operates and conducts exploration activities in countries which have experienced civil unrest and/or civil warfare in recent years. Moreover, a peer operating in the same jurisdiction as the Company has not been allowed a new exploration license at 'reasonable' terms following expiry of the former. The Company attempts to minimize the risks inherent in conducting operations and exploration in frontier areas by monitoring local conditions and avoiding high risk areas. Moreover, political risks may bring uncertainties to the market and impede on the Company's ability to raise funds without risks of dilution.

(iv) Geopolitical Risks

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

(v) Estimates of reserves and resources are inherently uncertain

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

(vi) Operating History

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

10. RISK FACTORS (CONTINUED)

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

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

(viii) Title can be uncertain

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

(ix) Infrastructure

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

(x) Joint venture risks

The Company's associates in Mali and Nigeria are operated as joint ventures. In the unfortunate event of non-performance by any joint venture partner, the Company runs the risk of not being able of keeping the relevant license in good standing.

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

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

10. RISK FACTORS (CONTINUED)

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

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

Operations carried out by the Company in respect of its projects are subject to government legislation, policies and controls relating to prospecting, development, production, importing and exporting of minerals, concession tenure, exchange controls, mining taxes, labour standards and environmental protection. Moreover, in Burkina Faso where the Company has an exclusive option for an exploration permit, there is no assurance that the Company will be able to apply for the same permits after the latter's last renewal term have expired. There can be no assurance that such legislation, policies and controls will not have a material adverse effect on the business, operations and affairs of the Company.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs, or reductions in levels of production at producing properties, or require abandonment or delays in development of new mining properties.

(xiii) Competition

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

(xiv) Key Executives

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

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

10. RISK FACTORS (CONTINUED)

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

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

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

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

11. OUTSTANDING SHARE DATA

Movement on shares and stock options have been reported under "Capital Resources and Liquidity" section of this MD&A. As at December 31, 2023 and December 31, 2022, an aggregate of 181,670,852 common shares were issued and outstanding. The Company converted the convertible debentures issued on 6 April 2023, together with interest thereon, on their maturity date, February 29, 2024, issuing an aggregate of 21,468,848 shares to the debenture holders (see further disclosure under note 14, *Events After The Reporting Period*).

12. RELATED PARTY TRANSACTIONS

The following transactions by the Company constitute related party transactions:

	September 30, 2023	September 30, 2022
	$	$
G&A – Jean Lindberg Charles, CFO and Secretary fees	**180,000**	232,500
G&A – Sybrand van der Spuy, COO fees	**150,000**	258,000
G&A – John McGloin, CEO[1] fees	**350,000**	350,000
E&E – Kieran Harrington, VP Exploration	**180,000**	90,000
G&A, E&E – Fasken Martineau LLP[2] professional fees	**138,472**	75,224
G&A – Minerex Limited[3] consultancy fees	**60,000**	30,000
E&E – Minerex Drilling Contractors[4] (drilling)	**383,255**	121,975
	1,441,727	1,157,699
Share-based compensation – Directors & Officers	**791,010**	284,038

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

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

12. RELATED PARTY TRANSACTIONS (CONTINUED)

Moreover, as more fully described under section 6(ii) of this MD&A, the Company has entered into the following convertible debenture agreements with related parties. The debentures have been converted on their maturity after the period end, on February 29, 2024.

	Principal $	Interest $
Spirit Resources SARL, holder of 10% or more equity	800,000	73,699
Brian Kiernan, director and holder of 10% or more equity	800,000	73,699
John McGloin, Director and CEO[1]	43,750	4,029
Jean Lindberg Charles, CFO and Secretary	39,500	3,639
Kieran Harrington, VP Exploration	22,500	2,073
	1,705,750	157,139

[1]Mr. John McGloin served as a Director and CEO of the Company from January 1, 2022 to February 15, 2024.

[2]Mr. Albert C Gourley served as a director of the Company until February 15, 2024 and was also the Regional Managing Partner of law firm Fasken Martineau LLP London.

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

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

13. ASSET ACQUISITIONS

On August 25, 2021, the Company announced it has entered into definitive agreements (the "Definitive Agreements") to acquire a controlling interest in Moydow Holdings Limited ("Moydow") (the "Transaction") which before completion of the transaction and restructuring held interest in a number of West African gold exploration projects.

The Transaction was completed on June 28, 2022 and obtained approval from the TSX Venture exchange on July 11, 2022. The Company's financial statements include Moydow's and joint venture expenses as from June 29, 2022.

The Transaction involved a combined restructuring of Moydow's shareholdings and a securities exchange with all the security holders of Moydow, other than Panthera Resources Plc., Pursuant to the Definitive Agreements, DFR has acquired: 80% interest in the Cascades Project; 40% participating interest in Kalaka Project and 25.5% participating interest in Gurara Holdings which owns, through 3 Nigerian companies, several mineral licenses in Nigeria.

14. EVENTS AFTER THE REPORTING PERIOD

Other than as set below, there have been no other material event since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended December 31, 2023.

14. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(i) On February 9, 2024, the Company exercised its option to acquire the Wuo Land 2 exploration license that comprises part of its Cascades Project in Burkina Faso for a payment of $300,000. The $300,000 payment has been funded via a loan from Spirit Resources SARL which, on the date of the transaction, held 39.1% of the Company's outstanding shares. The loan carries an 8% annual interest rate and is repayable in full on January 31, 2025 (the "Final Repayment Date"). DFR shall prepay the loan upon receipt of the proceeds of any debt, equity or other financing in excess of $2,000,000 that occurs prior to the Final Repayment Date.

(ii) On February 22, 2024, the Company entered into an agreement with Mr. Brian Kiernan, who, as at that the date of the agreement, held 36.5% of the Company's outstanding shares. Pursuant to the agreement Mr. Brian Kiernan has agreed to provide a $500,000 loan to the Company. The Company intends to use the loan for general working capital purposes. The loan carries an 8% annual interest rate and, together with the interest, is repayable in full on January 31, 2025 (the "Final Repayment Date"). The Company shall prepay the loan upon receipt of the proceeds of any debt, equity, or other financing in excess of $2,000,000 that occurs prior to the Final Repayment Date.

(iii) On February 29, 2024, the Company announced that the principal amount of the unsecured convertible debentures originally issued by the Company on April 6, 2023 ("Debentures"), as set out in the Company's press release issued on April 6, 2023, will automatically be converted into common shares of the Company ("Shares") at a price of CAD$0.12 per Share pursuant to the terms of the Debentures. 19,294,873 Shares have been issued upon conversion of the aggregate principal amount of the Debentures of $1,705,750, based on an US$1/CAD$1.3574 exchange rate as of February 28, 2024 (the "Exchange Rate").

In addition, following approval of the TSXV Venture Exchange, the aggregate accrued and unpaid interest payable on the Debentures of $192,189 ("Interest") have also been automatically converted pursuant to the terms of the Debentures into Shares, based on the Exchange Rate, at a price of CAD$0.12 per Share, for an aggregate of 2,173,975 Shares issued on the Interest.