

# DFR GOLD

**DFR GOLD INC.**

**Unaudited condensed consolidated interim financial statements  
For the three-months period ended March 31, 2024**

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

## **UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument NI 51-102 released by Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these condensed consolidated interim financial statements for the three-months period ended March 31, 2024.

**DFR GOLD INC.**  
**Unaudited condensed consolidated statements of financial position**  
**As at March 31, 2024**  
**(All amounts are expressed in United States dollars)**

	Notes	(Unaudited) March 31, 2024 \$	(Audited) December 31, 2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	281,123	122,961
Other receivables and prepaids	8	176,028	181,171
		<b>457,151</b>	<b>304,132</b>
<b>Non-current assets</b>			
Property, plant, and equipment	9	31,199	33,640
<b>Total assets</b>		<b>488,350</b>	<b>337,772</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	12	549,615	528,489
Borrowings	13	813,073	1,868,686
Deferred consideration payable	14	-	-
		<b>1,362,688</b>	<b>2,397,175</b>
<b>EQUITY AND RESERVES</b>			
Share capital	15	74,402,351	72,504,412
Contributed surplus .	15	4,906,640	4,906,640
Accumulated deficit		(82,203,611)	(81,579,809)
Foreign currency translation reserve		(1,331)	1,827
<b>Deficit</b>		<b>(2,895,951)</b>	<b>(4,166,930)</b>
Non-controlling interests	16	2,021,613	2,107,527
<b>Total deficit</b>		<b>(874,338)</b>	<b>(2,059,403)</b>
<b>Total deficit and liabilities</b>		<b>488,350</b>	<b>337,772</b>

*Nature and continuance of operation (Note 2)*

*Events after the reporting period (Note 23)*

“Brian Kiernan”  
**Director**

“Bertrand Boulle”  
**Director**

The above condensed consolidated statements of financial position should be read in conjunction with the accompanying notes on pages 6 to 31.

**DFR GOLD INC.****Unaudited condensed consolidated statements of loss and comprehensive loss****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)**

	<b>Notes</b>	<b>(Unaudited) Three-months period ended March 31, 2024</b>	<b>(Unaudited) Three-months period ended March 31, 2023</b>
		\$	\$
<b><i>CONTINUING OPERATIONS</i></b>			
<b>Operating expenses</b>			
Share-based compensation	15(iii)	-	(265,080)
Exploration and evaluation expenses	17	(430,236)	(708,721)
General and administrative expenses	18	(240,664)	(330,828)
		<b>(670,900)</b>	<b>(1,304,629)</b>
Gain on disposal of subsidiaries	11	-	-
Net interest (expense)/income		(41,928)	4,304
Share of loss of associate	10	-	(23,465)
Foreign exchange gain		3,027	14,688
		<b>(38,901)</b>	<b>(4,473)</b>
<b>Net loss for the period</b>		<b>(709,801)</b>	<b>(1,309,102)</b>
<b>Other comprehensive loss</b>			
Exchange differences on translation of foreign operations		(3,073)	(20,134)
<b>Total comprehensive loss for the period</b>		<b>(712,874)</b>	<b>(1,329,236)</b>
<b>Loss attributable to:</b>			
- Equity shareholders		(623,802)	(1,162,326)
- Non-controlling interest		(85,999)	(146,776)
		<b>(709,801)</b>	<b>(1,309,102)</b>
<b>Total comprehensive loss attributable to:</b>			
- Equity shareholders		(626,960)	(1,178,433)
- Non-controlling interest		(85,914)	(150,803)
		<b>(712,874)</b>	<b>(1,329,236)</b>
<b>Loss per share:</b>			
- Basic and diluted		(0.00)	(0.01)
<b>Weighted average number of common shares outstanding:</b>			
- Basic		<b>188,984,416</b>	181,670,852

The above condensed consolidated statements of loss and comprehensive loss should be read in conjunction with the accompanying notes on pages 6 to 31.

**DFR GOLD INC.****Unaudited condensed consolidated statements of changes in equity (deficiency)****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)**

	Number of shares	Share capital \$	Contributed surplus \$	Accumulated deficit \$	Foreign currency translation reserve \$	Non- controlling interest \$	Total \$
Balance at January 1, 2023	181,670,852	72,504,412	4,115,630	(77,715,606)	(3,732)	2,459,483	1,360,187
Loss for the period	-	-	-	(1,162,326)	-	(146,776)	(1,309,102)
Other comprehensive income - Translation adjustment	-	-	-	-	(16,107)	(4,027)	(20,134)
Stock Options granted	-	-	265,080	-	-	-	265,080
<b>Balance at March 31, 2023</b>	<b>181,670,852</b>	<b>72,504,412</b>	<b>4,380,710</b>	<b>(78,877,932)</b>	<b>(19,839)</b>	<b>2,308,680</b>	<b>296,031</b>
Balance at January 1, 2024	181,670,852	72,504,412	4,906,640	(81,579,809)	1,827	2,107,527	(2,059,403)
Conversion of Debentures	21,468,848	1,897,939	-	-	-	-	1,897,939
Loss for the period	-	-	-	(623,802)	-	(85,999)	(709,801)
Other comprehensive income - Translation adjustment	-	-	-	-	(3,158)	85	(3,073)
<b>Balance at March 31, 2024</b>	<b>203,139,700</b>	<b>74,402,351</b>	<b>4,906,640</b>	<b>(82,203,611)</b>	<b>(1,331)</b>	<b>2,021,613</b>	<b>(874,338)</b>

The above condensed consolidated statements of changes in equity (deficiency) should be read in conjunction with the accompanying notes on pages 6 to 31.

**DFR GOLD INC.**  
**Unaudited condensed consolidated statements of cash flows**  
**For the three-months period ended March 31, 2024**  
**(All amounts are expressed in United States dollars)**

	Notes	(Unaudited) Three-months period ended March 31, 2024 \$	(Unaudited) Three-months period ended March 31, 2023 \$
<b>Cash flows from operating activities</b>			
Net loss for the period from continuing operations		(709,801)	(1,309,102)
<i>Adjustments for non-cash items:</i>			
Share-based compensation	15(iii)	-	265,080
Foreign exchange losses		(3,073)	(20,134)
Interest on debentures	13	42,326	-
Interest income		(398)	(4,304)
Depreciation charge	9	2,503	1,195
Share of loss of associate	10	-	23,465
<i>Changes in working capital:</i>			
Decrease/(increase) in other receivables		5,148	(53,772)
Increase in accounts payable and accrued liabilities		21,121	75,916
<b>Net cash used in operating activities</b>		<b>(642,174)</b>	<b>(1,021,656)</b>
<b>Cash flows from investing activities</b>			
Addition to interest in associate	10	-	(23,465)
Acquisition of plant and equipment	9	(62)	-
Interest received		398	4,304
<b>Net cash generated from/(used in) investing activities</b>		<b>336</b>	<b>(19,161)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans		800,000	-
Proceeds from issue of debentures	13	-	883,250
<b>Net cash generated from financing activities</b>		<b>800,000</b>	<b>883,250</b>
Net movement in cash and cash equivalents		158,162	(157,567)
Cash and cash equivalents at beginning of the period		122,961	1,346,259
<b>Cash and cash equivalents at end of the period</b>	<b>7</b>	<b>281,123</b>	<b>1,188,692</b>

*Supplemental cash flow information (Note 7)*

The above condensed consolidated statements of cash flows should be read in conjunction with the accompanying notes on pages 6 to 31.

**DFR GOLD INC.****Notes to the unaudited condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)**

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**1. CORPORATE INFORMATION**

DFR Gold Inc.'s ("DFR" or the "Company") business activity is the exploration and evaluation of mineral properties and mine development in West Africa and Madagascar. The Company was incorporated under the Canada Business Corporations Act on May 28, 2000 and is currently a tax resident of the Republic of Mauritius. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol DFR, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

The issued and outstanding number of shares at the end of the reporting period were 203,139,700 common shares.

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

**2. NATURE AND CONTINUANCE OF OPERATIONS**

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

To date, the Company has financed its activities through the issuance of equity securities and debt financing, primarily from significant shareholders of the Company. The Company expects to use similar financing techniques in the future and is pursuing such additional sources of financing as estimated to be required to sufficiently support its operations until such time that its operations become self-sustaining. Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future.

At March 31, 2024, the Company had an accumulated deficit of \$82,203,611 (March 31, 2023: \$78,877,932) and incurred a net loss of \$709,801 during the three-months period ended March 31, 2024 (March 31, 2023: \$1,309,102). These factors give rise to material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern.

**3. STATEMENT OF COMPLIANCE**

The condensed consolidated interim financial statements of the Company for the three-months period ended March 31, 2024 are unaudited and have been prepared in accordance with *IAS 34 Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and do not include all notes of the type normally included in an annual financial report.

The unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies as the audited consolidated financial statements for the year ended December 31, 2023 and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of directors on May 30, 2024.

**DFR GOLD INC.**

**Notes to the unaudited condensed consolidated financial statements**

**For the three-months period ended March 31, 2024**

**(All amounts are expressed in United States dollars)**

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**4. BASIS OF MEASUREMENT**

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

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

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

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

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

**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

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

*(a) Property, plant and equipment*

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

The annual rates of depreciation are as follows:

<b>Items</b>	<b>Rates</b>
Fixtures and fittings	15%
Exploration equipment	15%

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

*(b) Basis of consolidation*

Subsidiaries

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



**DFR GOLD INC.****Notes to the unaudited condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)**

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**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)***(b) Basis of consolidation (continued)*Transactions eliminated on consolidation

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

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

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

*(c) Investments in associated companies*

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

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

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

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

**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*(d) Discontinued operations and disposal group held for sale*

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

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

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

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

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

*(e) Foreign currencies*

Transactions and balances

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

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

**DFR GOLD INC.**

**Notes to the unaudited condensed consolidated financial statements**

**For the three-months period ended March 31, 2024**

**(All amounts are expressed in United States dollars)**

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**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*(e) Foreign currencies (continued)*

Subsidiaries

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

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at exchange rates approximating the exchange rates in effect at the time of the transactions; and
- (iii) all resulting exchange differences are recognized within other comprehensive income (loss).

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

*(f) Cash and cash equivalents*

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

*(g) Financial instruments*

Financial Assets

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

*(i) Amortized cost*

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

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

*(ii) Fair value through other comprehensive income*

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

**DFR GOLD INC.**

**Notes to the unaudited condensed consolidated financial statements**

**For the three-months period ended March 31, 2024**

**(All amounts are expressed in United States dollars)**

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**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

(g) *Financial instruments (continued)*

Financial Assets (continued)

(iii) *Fair value through profit or loss*

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

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

Impairment of Financial Assets

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

Financial Liabilities

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

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

Derivative Financial Instruments

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

**DFR GOLD INC.**

**Notes to the unaudited condensed consolidated financial statements**

**For the three-months period ended March 31, 2024**

**(All amounts are expressed in United States dollars)**

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**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*(h) Mineral properties*

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

Impairment of Non-Financial Assets

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

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

*(i) Share-based compensation*

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

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

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

**DFR GOLD INC.**

**Notes to the unaudited condensed consolidated financial statements**

**For the three-months period ended March 31, 2024**

**(All amounts are expressed in United States dollars)**

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**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*(i) Share-based compensation (continued)*

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

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

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

*(j) Income taxes*

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

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

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

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

*(k) Earnings (loss) per share*

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

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

**DFR GOLD INC.**

**Notes to the unaudited condensed consolidated financial statements**

**For the three-months period ended March 31, 2024**

**(All amounts are expressed in United States dollars)**

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**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*(l) Provisions*

*Rehabilitation provisions*

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

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

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

*(m) Share capital*

Equity instruments are contracts that give a residual interest in the net assets of the Company. Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and stock options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

In the current period, the Group has applied all new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2024.

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

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after January 1, 2024 and the Company 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:

- Amendment to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 - Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements
- Amendments to IAS 12 - International Tax Reform—Pillar Two Model Rules

***New standards, interpretations and amendments not yet effective***

- Amendments to IAS 21 - Lack of Exchangeability

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

**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

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

*(i) Share-based compensation transactions*

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

*(ii) 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.

*(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 2023, DFR 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'.



**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****7. CASH AND CASH EQUIVALENTS****(a) Analysis of cash and cash equivalents**

	<b>March 31, 2024</b>	December 31, 2023	March 31, 2023
	\$	\$	\$
Bank balance	<b>281,123</b>	122,961	1,188,692
	<b>281,123</b>	122,961	1,188,692

**(b) Non-cash transactions**

There were not any significant non-cash transactions during the period ended March 31, 2024 except the following:

- (i) On April 6, 2023, DFR issued unsecured convertible debentures (“Debentures”) by way of a private placement for an aggregate amount of \$1,705,750, with insiders. In February 2024, the Debentures along with the accumulated interest of \$192,189 were converted into ordinary shares. 21,468,848 shares were issued upon conversion of the aggregate principal amount of the Debentures and of the interest accrued thereon.

During the year ended December 31, 2023, there was the following non-cash transactions:

- (i) As consideration for the acquisition of Panthera Mali Resources SARL (Panthera) in 2021, Moydow agreed to issue 500,000 common shares at a price of \$1 each to Panthera Resources Plc (PAT) and pay \$110,000 as additional consideration to PAT. Whilst the shares were already issued in 2022, the remaining payment of \$110,000 pertaining to the Kalaka interest was reconciled and set off against the receivables from PAT (as agreed by the latter) during the year ended December 31, 2023.

**8. OTHER RECEIVABLES AND PREPAIDS**

	<b>March 31, 2024</b>	December 31, 2023
	\$	\$
Amounts due from related parties (Note 21)	<b>105,434</b>	105,434
Prepayments and deposits	<b>20,382</b>	38,041
Other receivables	<b>50,212</b>	37,696
	<b>176,028</b>	181,171

The amounts due from related parties are interest free, unsecured, and receivable with one year.

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****9. PROPERTY, PLANT AND EQUIPMENT**

	<b>Fixtures &amp; fittings</b>	<b>Exploration equipment</b>	<b>Total</b>
	\$	\$	\$
<i>Cost</i>			
At January 1, 2023	15,170	28,283	43,453
Additions	7,951	-	7,951
At December 31, 2023	<b>23,121</b>	<b>28,283</b>	<b>51,404</b>
Additions	62	-	62
<b>At March 31, 2024</b>	<b>23,183</b>	<b>28,283</b>	<b>51,466</b>
<i>Depreciation</i>			
At January 1, 2023	3,420	3,585	7,005
Charge for the year	5,979	4,780	10,759
At December 31, 2023	<b>9,399</b>	<b>8,365</b>	<b>17,764</b>
Charge for the year	1,308	1,195	2,503
<b>At March 31, 2024</b>	<b>10,707</b>	<b>9,560</b>	<b>20,267</b>
<b>Net book value at March 31, 2024</b>	<b>12,476</b>	<b>18,723</b>	<b>31,199</b>
Net book value at December 31, 2023	13,722	19,918	33,640

- (a) Depreciation charge amounting to \$2,503 has been charged in 'Exploration and evaluation expenses' (December 31, 2023: \$10,759 charged in 'Exploration and evaluation expenses' / March 31, 2023: \$1,195 charged in 'General and administrative expenses').

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****10. INVESTMENT IN ASSOCIATED COMPANY**

	<b>March 31, 2024</b>	December 31, 2023
	\$	\$
<i>At cost</i>		
Opening balance	-	-
Additions during the year	-	222,086
Share of loss from associate	-	(222,086)
	-	-

For the three-months period ended March 31, 2024 (December 31, 2023: \$222,086/ March 31, 2023: \$23,465), DFR has not incurred expenditures on its associates.

- (i) The investment in associate is accounted for using the equity method. In accordance with International Accounting Standard 28 '*Investments in Associates and Joint Ventures*', the Company recognises its share of the loss of the associate from the date of acquisition. The Company recognised share of loss of the associate amounting to \$nil for the three-months period ended March 31, 2024 (December 31, 2023: \$222,086/ March 31, 2023: \$23,465). The Company does not incur legal or constructive obligation to make payments on behalf of the associate.

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****10. INVESTMENT IN ASSOCIATED COMPANY (CONTINUED)**

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

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

<sup>1</sup>Pursuant to the restructuring announced on May 7, 2024 (see DFR's release of that date and Note 23), and subject to TSX Venture approval, DFR shall dispose of its interest in Maniger Limited and Panthera Mali Resources SARL and increase its interest in Gurara Holdings Limited, Dagma Mining Limited, Dext Mining Limited and Paimasa Mining Limited to 51%.

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

Name of company	Current assets	Non current assets	Current liabilities	Non-current liabilities	Revenue	Loss from continuing operations	Other comprehensive income for the year	Total comprehensive loss for the year	Dividends received during the year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Maniger Limited	29,273	(636)	539,669	-	-	(522,150)	(2,596)	(524,745)	-

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****10. INVESTMENT IN ASSOCIATED COMPANY (CONTINUED)**

- (iv) Reconciliation of the above summarised financial information to the carrying amount recognised in the unaudited condensed consolidated interim financial statements for the three-months period ended March 31, 2024:

<b>Name of company</b>	<b>Opening net assets</b>	<b>Loss from continuing operations attributable to the parent</b>	<b>Other comprehensive loss for the year</b>	<b>Closing net assets</b>	<b>Ownership interest</b>	<b>Interest in associate</b>	<b>Carrying value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>\$</b>
Maniger Limited	(15,898)	(424,067)	(2,596)	(511,032)	50	(255,516)	-

In accordance with IAS 28.38, as the Company's share of loss from the associate exceeds its interests in the associate, no further loss has been recognised.

**11. DISCONTINUED OPERATIONS**

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

In consideration for the Namibian Assets, JBDM paid the Company: an initial payment of \$150,000 (the "Initial Payment") and it will pay: annual amounts of \$100,000 (as to \$90,000 for ML111, \$5,000 for each of ML32 and ML139) (the "Annual Payments") proportionately, as from September 1, 2023 until the earlier of either JBDM returns the license to the Company or September 1, 2035; and a 1% net sales royalty.

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

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March 31, 2024</b>	December 31, 2023
	\$	\$
Trade payables	<b>286,289</b>	127,780
Other accrued liabilities	<b>95,796</b>	99,603
Amounts due to related parties (Note 21)	<b>167,530</b>	301,106
	<b>549,615</b>	528,489

**13. BORROWINGS**

	<b>March 31, 2024</b>	December 31, 2023
	\$	\$
Opening balance	<b>1,868,686</b>	5,797
Issue of Debentures	-	1,705,750
Interest accrued on Debentures	<b>35,050</b>	157,139
Conversion of Debentures	<b>(1,897,939)</b>	-
Additional shareholders loans	<b>800,000</b>	-
Interest on shareholders loans	<b>7,276</b>	-
	<b>813,073</b>	1,868,686

	<b>March 31, 2024</b>	December 31, 2023
	\$	\$
Details of the borrowings are as follows:		
Amount due to Mr Brian Kiernan (See note (i) below)	<b>5,797</b>	5,797
Loan and interest due to Mr. Brian Kiernan (See note (ii) below)	<b>503,726</b>	-
Loan and interest due to Spirit Resources SARL (See note (ii) below)	<b>303,550</b>	-
Debentures (See note (iii) below)	-	1,862,889
	<b>813,073</b>	1,868,686

- (i) The amount due to Mr Brian Kiernan is interest free, unsecured and repayable at call.
- (ii) The Loans due to Mr Brian Kiernan and Spirit Resources SARL are unsecured, bear interest at 8% per annum and repayable on January 31, 2025 or earlier if the Company completes a financing in excess of \$2,000,000 (see further details at note (iv) below and Note 21 further below).
- (iii) On April 6, 2023, DFR issued unsecured convertible debentures (“Debentures”) by way of a private placement for an aggregate amount of \$1,705,750, with insiders. The Debentures carried interest at the rate of 12.5% per annum, which was payable on the maturity date (i.e. February 29, 2024), unless the Debentures were converted earlier. In February 2024, the Debentures were converted into ordinary shares in accordance with their terms (Note 15).

For the three-months period ended March 31, 2024, interest accrued on the Debentures amounted to \$35,050 (December 31, 2023: \$157,139/ March 31, 2023: \$ nil).

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****13. BORROWINGS (CONTINUED)**

- (iv) A summary of the loans and debentures and their maturity profiles at March 31, 2024 and December 31, 2023 are as follows:

<u>Loan received from</u>	<u>Principal amount</u>	<u>Balance at period end</u>	<u>Interest rate over duration</u>	<u>Issuance date</u>	<u>Maturity date</u>
	\$	\$	%		
<b><u>At March 31, 2024</u></b>					
Mr Brian Kiernan	5,797	5,797	nil	June 29, 2022	June 28, 2024
Mr Brian Kiernan	500,000	503,726	8%	February 26, 2024	January 31, 2025
Spirit Resources SARL	300,000	303,550	8%	February 6, 2024	January 31, 2025
<b><u>At December 31, 2023</u></b>					
Mr Brian Kiernan	5,797	5,797	nil	June 29, 2022	June 28, 2024
Debentures	1,705,750	1,862,889	12.5%	April 6, 2023	Feb 29, 2024

**14. DEFERRED CONSIDERATION PAYABLE**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
	\$	\$
Opening balance	-	110,000
Addition during the year	-	-
Settlement	-	(110,000)
	-	-

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

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

Whilst the shares were already issued in 2022, the remaining payment of \$110,000 pertaining to the Kalaka interest was reconciled and set off against the receivables from PAT (as agreed by the latter) during the year ended December 31, 2023.

**15. SHARE CAPITAL****(i) Authorized share capital**

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

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****15. SHARE CAPITAL (CONTINUED)****(ii) Issued and outstanding share capital**

	Number of shares	\$
<b>At January 1, 2023 and December 31, 2023</b>	181,670,852	72,504,412
Conversion of Debentures (see note (a) below):		
- Principal	19,294,873	1,705,750
- Interest	2,173,975	192,189
<b>At March 31, 2024</b>	<b>203,139,700</b>	<b>74,402,351</b>

- (a) On February 29, 2024, the principal amount of the unsecured convertible debentures originally issued by the Company on April 6, 2023 (“Debentures”), as set out in Note 13, was automatically 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 were 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, the aggregate accrued and unpaid interest payable on the Debentures of \$192,189 (“Interest”) was also 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.

**(iii) Stock Options**

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

**Outstanding and exercisable share options**

The following is a summary of changes in options from December 31, 2022 to March 31, 2024:

Grant date	Expiry date	Opening balance	During the year			Closing balance
			Granted	Exercised	Expired/ forfeited	
<b>December 31, 2022</b>		<b>5,150,000</b>	<b>17,050,000</b>	<b>(3,430,631)</b>	<b>(1,119,369)</b>	<b>17,650,000</b>
Expired on February 5, 2023		-	-	-	(400,000)	(400,000)
Expired on August 27, 2023		-	-	-	(200,000)	(200,000)
<b>December 31, 2023 and March 31, 2024</b>		<b>5,150,000</b>	<b>17,050,000</b>	<b>(3,430,631)</b>	<b>(1,719,369)</b>	<b>17,050,000</b>



**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****15. SHARE CAPITAL (CONTINUED)****(iii) Stock Options (continued)**

In February 2022 and in July 2022, a total of 3,430,631 Stock Options with an exercise price of CAD \$0.145 per share were exercised by option holders of the Company. During the year ended December 31, 2022, the Company increased the number of options under its Stock Plan to 17,800,000 and granted 17,050,000 new options with an exercise price of CAD \$0.20 per share to directors and officers of the Company. Moreover, on February 5, 2023, 400,000 of the exercisable options with a strike price of CAD \$0.145 expired. On August 27, 2023, a further 200,000 exercisable options with a strike price of CAD \$0.145 expired. As a result, at March 31, 2024 and December 31, 2023, the balance of shares options outstanding was 17,050,000, and 750,000 options were available for future grant. After the period end, 6,500,000 options have expired unexercised.

Share-based compensation accounted during the period March 31, 2024 was \$ nil (March 31, 2023: \$265,080). At March 31, 2024, unrecognized share-based compensation expense was \$ nil (December 31, 2023: \$ nil).

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

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price (CAD)</b>	<b>Vested December 31, 2023</b>	<b>Outstanding at December 31, 2023</b>
09/22/22	09/21/26	\$0.200	16,150,000	16,150,000
12/06/22	12/05/26	\$0.200	900,000	900,000
<b>At March 31, 2024 and December 31, 2023<sup>1</sup></b>			<b>17,050,000</b>	<b>17,050,000</b>

<sup>1</sup> At March 31, 2024, the weighted average fair value of options granted was CAD \$ nil (December 31, 2023: CAD \$ nil). The weighted average exercise price of options outstanding at March 31, 2024 was CAD \$0.200 (December 31, 2023: CAD \$0.200).

The fair value of options granted during the year ended December 31, 2022 was determined using the Black-Scholes valuation model using the following weighted average assumptions:

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

**(iv) Nature and purpose of equity**

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

- (a) "Contributed surplus" is used to recognize the value of share options granted prior to exercise.
- (b) "Accumulated deficit" is used to record the Company's change in deficit from year to year.
- (c) "Foreign currency translation reserve" includes foreign exchange losses/gains on translating subsidiaries with a functional currency different from that of the United States dollar.

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****16. NON-CONTROLLING INTERESTS**

	<b>March 31, 2024</b>	December 31, 2023
	\$	\$
Opening balance	<b>2,107,527</b>	2,459,483
Addition during the year	-	-
Loss after tax	<b>(85,999)</b>	(350,191)
Other comprehensive income (loss)	<b>85</b>	(1,765)
	<b>2,021,613</b>	2,107,527

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

**17. EXPLORATION AND EVALUATION EXPENSES**

	<b>March 31, 2024</b>	March 31, 2023
	\$	\$
Cascades projects	<b>426,644</b>	707,766
Beravina zircon project	<b>3,592</b>	955
Other projects and new prospects	-	-
	<b>430,236</b>	708,721

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

	<b>March 31, 2024</b>	March 31, 2023
	\$	\$
Support and logistics costs	<b>112,224</b>	195,431
Drilling and assaying and related costs	-	512,335
Options, licenses & surface rent	<b>315,509</b>	955
Depreciation charge (See Note 9)	<b>2,503</b>	-
	<b>430,236</b>	708,721

*Cascades (formerly known ‘Labola’) (Gold) – Burkina Faso*

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

The WUO1 option agreement gives the Company exclusive rights until May 27, 2024 to purchase 100% of the License Holder's interest in the WUO1 exploration license for a payment of \$1,000,000. Moreover, an amount of \$50,000 is payable annually to the License Holder until 2023. An additional payment of \$1,000,000 will be made to the License Holder upon the successful definition and reporting of a resource of at least 1,000,000 ounces of gold (under JORC guidelines).

**DFR GOLD INC.**

**Notes to the condensed consolidated financial statements**

**For the three-months period ended March 31, 2024**

**(All amounts are expressed in United States dollars)**

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**17. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)**

*Cascades (formerly known ‘Labola’) (Gold) – Burkina Faso (continued)*

In addition, the License Holder will retain a 1% net smelter return royalty (“NSR”) on all gold produced up to a total aggregate payment of \$2,000,000. The WUO1 exploration permit (*Permis de Recherche*) was renewed for three years and will be due for renewal on March 5, 2024.

The WUO2 option agreement gives the Company exclusive rights to purchase 100% of the License Holder’s interest in WUO2 exploration license for an aggregate payment of \$500,000, out of which \$200,000 was paid earlier during 2022 and two payments of \$150,000 each are payable prior to exercising the WUO2 option during the year 2023. During December 2022, the License Holder and the Company entered into an amendment agreement whereby the Company is allowed to delay the first \$150,000 payment until January 31, 2024 and the second \$150,000 payment until May 31, 2024 in consideration for two payments of \$25,000 each, before December 31, 2022 and May 31, 2023, the Company paid the initial \$25,000 to the License Holder prior to December 31, 2022.

The License Holder is also entitled to a net smelter royalty of 1% capped at \$2,000,000 on the value of all minerals extracted from the tenement. The WUO2 exploration permit (*Permis de Recherche*) was granted for a three-year period on November 13, 2018, and was renewed for a further three-year period until November 12, 2024.

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

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

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

*Kalaka (Gold) – Mali*

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

Pursuant to the definitive agreements announced by the Company on August 25, 2021, upon completion of the Moydow acquisition on June 28, 2022, Moydow’s interest in Panthera Mali Resources SARL (“PMR”), a Mali company, which owns 80% of the rights in the Kalaka project through a joint venture agreement (the “Kalaka JVA”) with a local participant (the “Local Participant”) was spun off (together with the Nigerian gold projects) and brought under a new holding company, Maniger Limited., a BVI company (“Maniger”) held as to 50% by the Company and 50% by Panthera. Moydow complied with all required financial obligations pertaining to the Kalaka JV up to June 30, 2022. The Local Participant is entitled to a gross royalty capped at \$3,000,000 in total. Other than as described in this section, all project interests pertaining to the Kalaka JVA are participating..

**DFR GOLD INC.**

**Notes to the condensed consolidated financial statements**

**For the three-months period ended March 31, 2024**

**(All amounts are expressed in United States dollars)**

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**17. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)**

*Kalaka (Gold) – Mali (continued)*

As at March 31, 2024, the Company held 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. Following the end of the reporting period, on May 7, 2024, the Company announced a restructuring agreement pursuant to which, and subject to approval of the TSX Venture exchange, the Company shall dispose of its interest in the Kalaka project in exchange for increasing its interest in the Gurara Project. The Company did not incur expenditures on the Kalaka project for the three-months period ended March 31, 2024 (March 31, 2023: \$23,465).

*Nigeria (Gold)*

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

The "Gurara JVA" involves the following parties:

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

Pursuant to the Gurara JVA:

- Moydow held 20% in Gurara [following project spending of \$250,000 (the "Initial Payment")];
- PW Nigeria Ltd. ("PW Nigeria") is a member of the same group of companies as Zinariya and PW Mining and owned the Projects (as described below);
- PW Nigeria transferred 99.99% of the entire share capital in 3 project companies in Nigeria (the "Projects") to Gurara.
- Zinariya granted a first option to Moydow to acquire a 51% interest in Gurara by investing a total of \$1,000,000 prior to December 31, 2021 (the "First Option"). Moydow achieved the required expenditure to earn the First Option after December 31, 2021, but the parties agreed that Moydow had earned the First Option and became bestowed with a 51% interest in Gurara, as such the Company currently holds a 25.5% indirect interest in Gurara.
- Moydow (the rights having been transferred to the Company) may acquire a Second Option to earn a 65% interest in Gurara expiring on July 2023 by spending an aggregate \$2,000,000 (including the \$1,000,000 above) in the Projects (Moydow / the Company did not incur the required expenditure and did not earn the second option).

The Company did not incur expenditures in relation to the Gurara project for the reporting period. Following the end of the reporting period, on May 7, 2024, the Company announced a restructuring agreement, pursuant to which the Company has increased its interest from 25.5% to 51%.

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****17. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)***Madagascar Zircon project*

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

*Other projects and prospects*

During its normal course of business, the Company engages with different parties as authorities to seek business opportunities on an ongoing basis. There was no other project which had reached a stage which would be considered as material for disclosure.

**18. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>March 31, 2024</b>	March 31, 2023
	\$	\$
Directors and officers fees	<b>83,334</b>	156,125
Consultancy and professional fees	<b>129,570</b>	104,010
Investor relation	<b>2,677</b>	28,526
Regulatory, Listing & other expenses	<b>25,083</b>	42,167
	<b>240,664</b>	330,828

**19. INCOME TAXES***Continuing operations*

Taxation is calculated at the rate prevailing in its respective operational jurisdiction. Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the interim period.

At March 31, 2024 and March 31, 2023, no deferred tax assets were recognised in respect of tax losses as it was uncertain at that point in time whether taxable profits would be available in the future against which tax losses may be utilised.

**20. SEGMENTED INFORMATION**

At March 31, 2024, the Company operates in seven (December 31, 2023: seven) main geographical locations as set below. There are no other separate reportable segments.

Assets by geographic locations at March 31, 2024 and December 31, 2023 were as follows:

<b>At March 31, 2024</b>	Canada	Madagascar	BVI	Cayman Island	Burkina Faso	Nigeria	United Kingdom	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Total assets	294,771	5,943	41,428	-	146,206	-	2	488,350

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****20. SEGMENTED INFORMATION (CONTINUED)**

Assets by geographic locations at March 31, 2024 and December 31, 2023 were as follows:

<b>At December 31, 2023</b>	Canada	Madagascar	BVI	Cayman Island	Burkina Faso	Nigeria	United Kingdom	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Total assets	254,318	4,920	30,651	5,114	42,767	-	2	337,772

**21. RELATED PARTY TRANSACTIONS**

In addition to the information disclosed under Notes 8, 10, 12 and 13 above, the Company recorded related party transactions in terms of compensation to key management personnel of the Company for the periods ended March 31, 2024 and March 31, 2023, which are recorded in the following accounts in these unaudited condensed consolidated interim financial statements:

	<b>March 31, 2024</b>	March 31, 2023
	\$	\$
G&A - Jean Lindberg Charles, CFO and Secretary	<b>31,667</b>	31,125
G&A - Sybrand van der Spuy, COO	<b>22,500</b>	37,500
G&A - John McGloin, CEO <sup>1</sup>	<b>29,167</b>	87,500
E&E – Kieran Harrington, VP Exploration	<b>31,667</b>	45,000
<i>Total directors/Officers (See Note 18)</i>	<b>115,001</b>	201,125
G&A, E&E - Fasken Martineau LLP <sup>2</sup>	-	46,692
G&A - MinereX Limited <sup>3</sup>	<b>15,000</b>	15,000
E&E - MinereX Drilling Contractors SARL <sup>4</sup>	-	258,491
<b>Total, excluding share-based compensation</b>	<b>130,001</b>	521,308
<b>Share-based compensation – Directors &amp; officers</b>	<b>-</b>	<b>265,080</b>

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

- John McGloin resigned as a Director and CEO effective February 15, 2024.*
- Fasken Martineau LLP - Albert C Gourley, exercised as a Director of the Company until February 15, 2024, at the same time he held office as the Regional Managing Partner of Fasken Martineau LLP.*
- MinereX Limited - Brian Kiernan, a director of the Company, is also a director and the controlling shareholder of MinereX Limited.*
- MinereX Drilling Contractors SARL - Brian Kiernan, a director of the Company, is also a director of the ultimate holding company of MinereX Drilling Contractors SARL.*

At March 31, 2024 and December 31, 2023, amounts receivable from related parties were as follows:

	<b>March 31, 2024</b>	December 31, 2023
	\$	\$
Brian Kiernan	<b>98,689</b>	98,689
MinereX Drilling Contractors SARL	<b>6,745</b>	6,745
	<b>105,434</b>	105,434

**DFR GOLD INC.****Notes to the condensed consolidated financial statements****For the three-months period ended March 31, 2024****(All amounts are expressed in United States dollars)****21. RELATED PARTY TRANSACTIONS (CONTINUED)**

At March 31, 2024 and December 31, 2023, amounts payable to related parties were as follows:

	<b>March 31, 2024</b>	December 31, 2023
	\$	\$
<b>Accounts payables &amp; accrued liabilities</b>		
Jean Lindberg Charles, CFO and Secretary	<b>53,988</b>	50,802
John McGloin, CEO <sup>1</sup>	-	93,469
Sybrand van der Spuy, COO	<b>31,875</b>	31,250
Kieran Harrington, VP Exploration	<b>46,667</b>	58,199
Fasken Martineau LLP <sup>1</sup>	-	47,386
Minerex Limited	<b>35,000</b>	20,000
	<b>167,530</b>	301,106
<b>Borrowings</b>		
Brian Kiernan	<b>509,523</b>	5,797
Spirit Resources SARL	<b>303,550</b>	-

*Note 1: John McGloin and Al Gourley (Fasken and Martineau LLP) resigned as directors on February 15, 2024.*

**Receivable – Brian Kiernan**

The Company and Brian Kiernan entered into an agreement pursuant to which Brian Kiernan will take over a project previously pursued by the Company, and the Company shall have the first right of refusal to buy back the project at cost plus 10%. As at December 31, 2023, the costs incurred by the Company, over and above the costs financed by Brian Kiernan and associates for the project amounted to \$98,689. As at March 31, 2024, this amount is receivable from Kiernan and associates.

**Loan Payable to Spirit Resources SARL**

On February 9, 2024, the Company announced an agreement with Spirit Resources SARL (“Spirit”), pursuant to which Spirit lent \$300,000 to the Company to exercise the WUP Land 2 Option. The Spirit loan is unsecured, bears interest at 8% per annum and is repayable on January 31, 2025 (the “Repayment Date”) or earlier if the Company completes a financing of at least \$2,000,000 prior to the Repayment Date.

**Loan Payable to Brian Kiernan**

On February 22, 2024, the Company announced an agreement with Brian Kiernan (“Kiernan”), pursuant to which Kiernan lent \$500,000 to the Company for general working capital purposes. The Kiernan loan is unsecured, bears interest at 8% per annum and is repayable on January 31, 2025 (the “Repayment Date”) or earlier if the Company completes a financing of at least \$2,000,000 prior to the Repayment Date.

**Unsecured Debentures**

On April 6, 2023, DFR issued unsecured convertible debentures (“Debentures”) by way of a private placement for an aggregate amount of \$1,705,750, with insiders. The Debentures carried interest at the rate of 12.5% per annum, which was payable on the maturity date (i.e. February 29, 2024), unless the Debentures were converted earlier. On February 29, 2024, the Debentures and interests thereon were converted into ordinary shares in accordance with their terms. Please refer to Note 15 for more details. For the three-months period ended March 31, 2024, interest accrued on the Debentures amounted to \$35,050 (December 31, 2023: \$157,139/ March 31, 2023: \$ nil).

## **22. 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. In addition to the human toll, the wars are increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. Moreover, countries where DFR conducts exploration in West Africa, continue to experience civil unrest and/or warfare including attacks on civilians.

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

The Company is continuously evaluating its direct and indirect exposures to the impacts of the local and regional events as well as consequences of the Russia-Ukraine and the Israel-Gaza Strip conflicts 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 negative impacts on the global economy and major financial markets arising from the wars. Moreover, although the Company's assets in West Africa have not been threatened, the political situation is likely to impede on the Company's to raise funds for its West African projects.

## **23. EVENTS AFTER THE REPORTING PERIOD**

### **(i) Restructuring of joint venture associates**

On May 7, 2024, the Company announced that it has entered into definitive agreements with Panthera Resources Plc. ("Panthera") pursuant to which, it shall dispose its 40% interest in the Kalaka project to Panthera and acquire further 25.5% ownership interest in the Gurara Project (the "Restructuring").

Following the completion of the Restructuring, the Company will hold no interest in the Kalaka Project and its interest in the Gurara Project will increase from 25.5% to 51%. The remaining 49% of the Gurara Project is held by Zinariya Mining Limited ("Zinariya") and the project is operated by PW Nigeria Mining Limited ("PW").

The restructuring and acquisition of the controlling interest in the Gurara Project does not involve any further consideration other than the disposal of the Company's interest in Kalaka Project. The TSX Venture exchange ("TSXV") has completed its review of the Restructuring as an Expedited Acquisition under TSXV Policy 5.3, and closing will occur after the remaining minor administrative requirements have been fulfilled.

### **(ii) WUO Land option**

Pursuant to an option agreement (the "Option Agreement") between the Company and the holder of the WUO Land exploration permit, the Company has an exclusive option to purchase the WUO Land exploration permit by effecting a payment of \$1,000,000 on or before May 27, 2024. The Company and the license holder have discussed certain amendments to the Option Agreement, these discussions are still ongoing as at the date of this, the Company shall provide an update a few days following this report.