DIAMOND FIELDS RESOURCES INC.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

WITH RESPECT TO

THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 9, 2022

Dated April 29, 2022

These materials are important and require your immediate attention. They require the shareholders of Diamond Fields Resources Inc. to make important decisions. Please carefully read this Management Information Circular, including the schedules thereto, as they contain detailed information relating to, among other things, the Transaction as defined in this Management Information Circular. If you are in doubt as to how to deal with these materials or the matters they describe, please consult your broker, lawyer or other professional advisor.

Neither the TSX Venture Exchange Inc. nor any other securities regulatory authority has in any way passed upon the merits of the transaction described in this Management Information Circular and any representation to the contrary is an offence.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual General and Special Meeting (the "Meeting") of the Shareholders of Diamond Fields Resources Inc. (the "Corporation") will be held at 15th Floor, 125 Old Broad Street, London, EC2N 1AR, United Kingdom, on Thursday, June 9, 2022, at 8:00 a.m. Pacific Daylight Time (4.00 P.M. (London time)) for the following purposes:

1. To receive the financial statements of the Corporation for the financial year ended December 31, 2020 and accompanying report of the auditor;

2. To set the number of Directors of the Corporation at eight;

3. To elect the Directors of the Corporation for the ensuing year;

4. To appoint Davidson & Company LLP as Auditors of the Corporation for the ensuing year and to authorize the Directors to fix their remuneration;

5. Approval to fix the number of shares reserved for the Fixed Stock Option Plan at 8,000,000 Shares;

6. To consider and if deemed advisable to approve the Transaction, a Fundamental Acquisition pursuant to the rules of the TSXV comprising four principal elements as more particularly described in the Corporation's Information Circular and summarized as follows: (i) the acquisition of an 80% interest in Moydow; (ii) the completion of Financings aggregating US$4,469,236; (iii) the addition of Brian Kiernan as a New Control Person of the Corporation; and (iv) entering into two (2) joint venture agreements with Panthera Resources Plc governing the ongoing exploration and development of the Labola Gold Project and the Other Moydow Properties;

7. To approve the settlement of US$30,000 of debt owed to Jean Charles and the settlement of US$87,500 of debt owed to John McGloin in consideration for the issuance of an aggregate of 746,125 DFR Shares priced at $0.20 per DFR Share; and

8. To transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

If you are a registered shareholder of the Corporation and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1, or in accordance with the instructions provided in the attached Information Circular, by 8:00 a.m. (Pacific Daylight Time) on June 7, 2022 or at least 48 hours (excluding Saturdays, Sundays and holidays) before the time that the Meeting is to be reconvened after any adjournment of the Meeting.

If you are a non-registered shareholder of the Corporation and received a voting instruction form from Computershare Investor Services Inc., please complete and return the form in accordance with the instructions provided in the Information Circular and on the voting instruction form.

If you are a non-registered shareholder of the Corporation and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the "Intermediary"), please

complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DUE TO THE ONGOING CONCERNS RELATED TO THE SPREAD OF THE CORONAVIRUS (COVID-19) AND IN ORDER TO PROTECT THE HEALTH AND SAFETY OF SHAREHOLDERS, EMPLOYEES, OTHER STAKEHOLDERS AND THE COMMUNITY, THE BOARD OF DIRECTORS AND MANAGEMENT REQUEST ALL SHAREHOLDERS TO VOTE BY PROXY AND NOT ATTEND THE MEETING IN PERSON.

DATED at Vancouver, British Columbia, this 29th day of April, 2022.

BY ORDER OF THE BOARD

"John McGloin"

John McGloin
Chief Executive Officer

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LIST OF SCHEDULES

Schedule A	–	Audit Committee Charter
Schedule B-1	–	DFR Audited Financial Statements as at and for the year ended December 31, 2020, the six month period ended December 31, 2019 and the year ended June 30, 2019
Schedule B-2	–	DFR Audited Financial Statements as at and for the six months ended December 31, 2019 and the year ended June 30, 2019
Schedule C-1	–	DFR Annual Management Discussion and Analysis for the year ended December 31, 2020
Schedule C-2	–	DFR Management Discussion and Analysis for the six months ended December 31, 2019
Schedule D	–	DFR Unaudited Condensed Consolidated Interim Financial Statements for the third quarter and nine-months period ended September 30, 2021
Schedule E	–	DFR Management Discussion and Analysis for the third quarter and nine-months period ended September 30, 2021
Schedule F	-	Moydow Audited Financial Statements for the year ended December 31, 2020 and the period from incorporation on May 28, 2019 to December 31, 2019
Schedule G	-	Moydow Management Discussion and Analysis for the year ended December 31, 2020
Schedule H	-	Moydow Unaudited Interim Consolidated Financial Statements for the nine-months period ended September 30, 2021
Schedule I	-	Moydow Management Discussion and Analysis for the nine-months period ended September 30, 2021
Schedule J	–	Pro Forma Consolidated Statement of Financial Position as at September 30, 2021 and Pro Forma Consolidated Statement of profit or loss for the nine month period ended September 30, 2021 and the year ended December 31, 2020

GLOSSARY OF DEFINED TERMS

Unless the context otherwise provides, the following terms used in this Circular and Schedules hereto shall have the meanings ascribed to them as set forth below, in addition to other terms defined elsewhere in this Circular.

"Additional Transaction Agreements"	means the Minority Share Exchange Agreements, the Moydow Options Exchange Agreements, the Founder Subscription Agreements and the New Financing Subscription Agreements.
"Affiliate"	has the meaning ascribed to such term under the BCBCA.
"Annual Financial Statements"	means the audited financial statements of DFR for the year ended December 31, 2020, the six months ended December 31, 2019 and the year ended June 30, 2019.
"Annual MD&A"	means the management discussion and analysis of DFR for the year ended December 31, 2020.
"associate"	has the meaning ascribed to such term under the *Securities Act* (Ontario).
"Audit Committee Charter"	means the Audit Committee Charter appended as **Schedule A** to this Circular.
"BCBCA"	means the *Business Corporations Act* (British Columbia).
"Board"	means the DFR Board.
"business day"	means a day, other than a Saturday or Sunday, on which the principal commercial banks located in the City of Vancouver, in the province of British Columbia are open for business.
"CEO"	means Chief Executive Officer.
"CFO"	means Chief Financial Officer.
"CGMM"	means Compagnie Générale des Mines de Madagascar SARL, a company incorporated in Madagascar and owned by the Corporation.
"COO"	means Chief Operating Officer.
"CIM"	means Canadian Institute of Mining and Metallurgy.
"Circular"	means this Management Information Circular to be sent to the DFR Shareholders in connection with the Meeting.
"Closing"	means the completion of the transactions contemplated under the Transaction Agreements.
"Closing Date"	means the date of the Closing of the Transaction as defined in this Circular.

"Closing Time"	means 10:00 a.m. (Eastern Daylight Time) on the Closing Date or such other time on the Closing Date as the parties to the Transaction Agreements may agree in writing.
"Common Shares"	means common shares in the capital of DFR.
"Conditions"	has the meaning given to that term in this Circular under the heading "Description of the Transaction – Conditions".
"Corporation"	means Diamond Fields Resources Inc.
"DFN"	means Diamond Fields (Namibia) (Pty) Ltd., a company incorporated in Nambia and fully owned by the Corporation.
"DFR"	means Diamond Fields Resources Inc.
"DFR Board"	means the current Board of Directors of DFR with its members being, John McGloin, Sybrand Van Der Spuy, Norman Roderic Baker, Albert Gourley, Francois Colette, Bertrand Boulle, Philip Murphy, and David Reading.
"DFR Independent Directors"	means the directors of DFR that are independent from Moydow, have no material interest in the Transaction and representing the majority of the DFR Board, being Sybrand Van Der Spuy, Norman Roderic Baker, Francois Colette, Bertrand Boulle and Philip Murphy.
"DFR Non-Independent Directors"	means Al Gourley, John McGloin and David Reading.
"DFR Shareholders"	means the current holders of DFR Shares.
"DFR Shares"	means the authorized common shares in the capital of DFR.
"DFR Stock Option Plan"	means the Fixed Stock Option Plan of DFR to be amended by the DFR Shareholders at the Meeting.
"End Date"	means June 30, 2022.
"Exchange Ratio"	means 16.46 DFR Shares for each 1 Moydow Share.
"executive officer"	has the meaning ascribed to it in NI 51-102.
"Existing DFR Assets"	means the Beravina (Zircon) project, the Namibian Diamond project and the Red Sea project. Reference is made to the heading "Information concerning DFR – The Corporation's Projects".
"Financings"	means the Founder Subscription Agreements and the New Financing.
"Founder Subscription Agreements"	means the subscription agreements dated August 24, 2021, as amended, between DFR and each of Kiernan and Spirit pursuant to which Kiernan and Spirit have subscribed for an aggregate of 6,160,073 DFR Shares at a price of US$0.217 per share for aggregate proceeds of US$1,336,736

"Go-Forward Agreement"	means the agreement dated August 24, 2021, as amended, between DFR and Panthera pursuant to which DFR and Panthera, subject to certain conditions, have agreed to carry out the steps required to implement the Transaction and enter into the Moydow JV and the Maniger JV.
"Governmental Body"	means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity (including any central bank, fiscal or monetary authority or authority regulating banks), having or purporting to have jurisdiction in the relevant circumstances, or any person acting or purporting to act under the authority of any of the foregoing (including any arbitrator).
"IFRS"	means International Financial Reporting Standards as issued by the International Accounting Standards Board.
"independent director"	means a director who has no direct or indirect material relationship with the issuer.
"Informed Person"	has the meaning ascribed to it in NI 51-102.
"Insider"	if used in relation to an issuer, means: (a) a director or senior officer of the issuer; (b) a director or senior officer of a company that is an insider or subsidiary of the issuer; (c) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or (d) the issuer itself if it holds any of its own securities.
"Insider Debt Settlements"	means the settlement of US$117,500 of debt owed to two Insiders of the Corporation pursuant to the terms of the Insider Debt Settlement Agreements.
"Insider Debt Settlement Agreements"	means the agreements with two Insiders to settle an aggregate of US$117,500 in management fees owed by the Corporation to the Insiders in consideration for the issuance of an aggregate of 746,125 DFR Shares priced at $0.20 per DFR Share.
"Interim Financial Statements"	means the reviewed interim condensed consolidated financial statements of DFR for the period ending on September 30, 2021.
"Interim MD&A"	means the management discussion and analysis relating to the Interim Financial Statements.
"JORC"	means the Australian Joint Ore Reserves Committee.
"JRB"	means Jean-Raymond Boulle.

"Kalaka Property"	means the Kalaka Gold Project located in south Mali as more particularly described under the heading "Information Concerning Moydow – The Other Moydow Properties – Kalaka Property".
"Kiernan"	means Brian Kiernan.
"Kiernan Exchange Agreement"	means the agreement between DFR and Kiernan dated August 24, 2021, as amended, to acquire 3,350,000 Moydow Shares from Kiernan in exchange for 55,141,000 DFR Shares at the Exchange Ratio.
"Labola Gold Project"	means the Labola Gold Exploration Project located in the Banfora Greenstone Belt of the West African Birimian Supergroup in southwest Burkina Faso being the principal asset of Moydow.
"Labola Option Agreement"	has the meaning given to it under the heading "Information Concerning Moydow – Material Contracts – Labola Option Agreement".
"Labola Report"	means the report entitled "Diamond Fields Resources Inc. Amended and Re-stated Technical Report on the Labola Project Burkina Faso" dated April 2, 2022 with an effective date of April 20, 2022 prepared by Ivor W. O. Jones, M.Sc., P.Geo., FAusIMM, John Asafo-Akowuah, M.S., MAIG and Alan Riles, B.Met, M.Econ.Geol.
"laws"	means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, statutory body or self-regulatory authority, and the term "applicable" with respect to such laws and in the context that refers to one or more persons, means that such laws apply to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Body (or any other person) having jurisdiction over the aforesaid person or persons or its or their business, undertaking, property or securities.
"Management Designees"	has the meaning given to that term in this Circular under the heading "General Proxy Information – Appointment and Revocation of Proxies".
"Maniger"	means Maniger Ltd., the Company that will hold the Other Moydow Assets on Closing.
"Maniger JV"	means the shareholders agreement to be entered into on Closing among DFR, Panthera and Maniger governing the further exploration and development of the Other Moydow Properties.
"material adverse change" or "material adverse effect"	has the meaning ascribed thereto in the **Go-Forward Agreement**.

"Material Agreements"	means the Kiernan Exchange Agreement and the Go-Forward Agreement setting out the terms of the Transaction, made available on DFR's SEDAR profile on August 31, 2021.
"Meeting"	means the Annual, General and Special Meeting of the DFR Shareholders.
"Meeting Materials" or "meeting materials"	means collectively, the Notice of Meeting, this Circular and its Schedules including the Annual Financial Statements and the Annual MD&A, the Interim Financial Statements and the Interim MD&A and the form of proxy or voting instruction form.
"MI 61-101"	means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.
"Minerex"	means Minerex Drilling Contractors Ltd.
"Minority Share Exchange Agreements"	means the agreements dated August 24, 2021 between DFR and the minority shareholders of Moydow to acquire 800,000 Moydow Shares at the Exchange Ratio for an aggregate of 13,168,000 DFR Shares.
"Moydow"	means Moydow Holdings Limited.
"Moydow Acquisition"	means the acquisition by DFR of an 80% interest in Moydow through the acquisition of 4,150,000 Moydow Shares and 400,000 Moydow Options to hold an 80% interest in Moydow on Closing.
"Moydow JV"	means the shareholders agreement to be entered into on Closing among DFR, Panthera and Moydow relating to the further exploration and development of the Labola Gold Project.
"Moydow Options"	means options to purchase Moydow Shares.
"Moydow Options Exchange Agreements"	means the agreements dated August 24, 2021, as amended, between DFR and the holders of the Moydow Options to exchange an aggregate of 400,000 Moydow Options held by the option holders for an aggregate of 3,571,320 DFR Shares.
"Moydow Shares"	means common shares in the capital of Moydow.
"NDC"	means Nambian Diamond Company Ltd., a company incorporated in Namibia and owned as to 70% by the Corporation.

"NEO" or "Named Executive Officers"	means, in relation to a company, each of the following individuals: (a) any individual who acted as CEO of the company, or acted in a similar capacity, for any part of the most recently completed financial year; (b) any individual who acted as CFO of the company, or acted in a similar capacity, for any part of the most recently completed financial year; (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 Statement of Executive Compensation, for that financial year; and (d) each individual who would be a NEO under paragraph (a) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.
"New Control Person"	means Brian Kiernan after giving effect to the Transaction.
"New Financing"	means the equity financing of US$3,132,500 pursuant to the New Financing Subscription Agreements comprising 19,891,375 DFR Shares at $0.20 per DFR Share.
"New Financing Subscription Agreements"	means the subscription agreements with insiders of the Corporation, existing shareholders of the Corporation and new investors in the Corporation with respect to the subscription for 19,891,375 DFR Shares pursuant to the New Financing.
"NI 43-101"	means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.
"NI 51-102"	means National Instrument 51-102 – *Continuous Disclosure Obligations*.
"NI 52-110"	means National Instrument 52-110 – *Audit Committees.*
"NI 54-101"	means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.
"NI 58-101"	means National Instrument 58-101 – *Disclosure of Corporate Governance Practices.*
"NI 58-201"	means National Policy 58-201 – *Corporate Governance Guidelines*.

"Nigerian Properties"	means the Nigerian Properties referred to under the heading "Information Concerning Moydow – The Other Moydow Properties – The Nigerian Properties".
"ordinary resolution"	means a resolution required to be approved by greater than one-half (½) of the votes cast by those DFR Shareholders who (being entitled to do so) vote in person or by proxy at the Meeting.
"Other Moydow Properties"	means the WUO Land 2 Property, the Kalaka Property and the Nigerian Properties.
"Panthera"	means Panthera Resources Plc.
"person"	means any individual, firm, partnership, joint venture, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status.
"promoter"	has the meaning ascribed thereto in the *Securities Act* (Ontario).
"Qualified Person" or "QP"	has the meaning ascribed to it in NI 43-101.
"Record Date"	means April 29, 2022.
"registered shareholder"	means a DFR Shareholder whose name appears on the register of DFR as the owner of DFR Shares.
"regulatory approval"	means the approval of the Transaction by the TSXV.
"Resulting Issuer"	means DFR as it exists on the Closing of the Transaction.
"Securities Laws"	means securities legislation, securities regulations and securities rules, as amended, from time to time and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer.
"SEDAR"	means the System for Electronic Document Analysis and Retrieval.
"Shareholders"	means the DFR Shareholders.
"Spirit"	means Spirit Resources SARL, the controlling shareholder of the Corporation.
"Transaction"	means the transaction pursuant to which DFR will acquire all of the securities of Moydow, other than the Moydow Shares held by Panthera, and acquire an indirect 80% interest in the Labola Gold Project and complete the Financings to form the Resulting Issuer.
"Transaction Agreements"	means the Material Agreements and the Additional Transaction Agreements.

"Transaction Resolution"	means the resolution of the DFR Shareholders to be passed by a majority of the DFR Shareholders entitled to vote at the Meeting to approve the Transaction.
"TSXV" or "TSX-V"	means the TSX Venture Exchange Inc.
"WUO Land 2 Option Agreement"	has the meaning given to it under the heading "Information Concerning Moydow – Material Contracts – WUO Land 2 Option Agreement".
"WUO Land 2 Property"	means the WUO Land 2 Property located in the Banfora Greenstone Belt of the West African Birimian Supergroup in southwest Burkina Faso optioned by Moydow pursuant to the WUO Land 2 Option Agreement and more particularly described under the heading "Information Concerning Moydow – Other Moydow Properties".

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Circular and the documents incorporated by reference herein contain certain statements or disclosures that may constitute forward-looking information or statements (collectively, "forward-looking information") under applicable Securities Laws. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that management of DFR anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "could", "potential", "enable", "plan", "continue", "contemplate", "pro forma" or other comparable terminology.

Forward-looking information presented in this Circular includes statements or disclosures which, among other things, relate to: completion of the Transaction and satisfaction of the closing conditions relating thereto, the anticipated benefits from the Transaction, the expected completion and implementation date of the Transaction; certain combined operational and financial information, the nature of the operations following the Transaction, future exploration and development at the Labola Gold Project, sources of funds, forecasts of capital expenditures, including general and administrative expenses, and the sources of the financing thereof, expectations regarding the ability to raise capital, the business outlook following the Transaction, plans and objectives of management for future operations, forecast business results, and anticipated financial performance.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to DFR, including information obtained from third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this Circular in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to:

- the approval of the Transaction by the DFR Shareholders;
- the receipt of all required regulatory approvals, including approval of the TSXV, to complete the Transaction;
- satisfaction of the conditions to closing of the Transaction;
- no unforeseen changes in the legislative and operating framework for the business of DFR;
- a stable competitive environment; and

- no significant event occurring outside the ordinary course of business such as a natural disaster or other calamity.

The forward-looking information in statements or disclosures in this Circular is based (in whole or in part) upon factors which may cause actual results, performance or achievements of DFR to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to DFR, including information obtained from third-party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While DFR does not know what impact any of those differences may have, its business, results of operations, financial condition and credit stability may be materially adversely affected. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things:

- the inability of DFR, for any reason, to complete the Transaction, including the failure to obtain required shareholder approval or the failure of DFR to satisfy all of the conditions to closing as set out in the Transaction Agreements;
- the timing and unpredictability of regulatory actions;
- a downturn in general economic conditions;
- the loss of key management or technical personnel;
- the inability to locate and acquire additional projects;
- exploration, development and operating risks;
- substantial capital requirements and liquidity;
- regulatory, legal or other setbacks with respect to DFR's operations or business;
- fluctuating mineral prices and the marketability of minerals, the uncertainty in commodity prices and market volatility;
- regulatory, permit and license requirements;
- financing risks and dilution to shareholders;
- claims by indigenous peoples;
- environmental risks;
- local resident concerns;
- conflicts of interest;
- uninsurable risks; and
- litigation and other factors beyond the control of DFR.

DFR is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by Securities Laws. Because of the risks, uncertainties and assumptions contained herein, security holders should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward-looking information contained herein.

The reader is further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes. Please refer to the notes to

the financial statements appended to this Circular for additional details regarding such judgments, estimates and assumptions.

DFR cautions you that the above list of risk factors is not exhaustive. Other factors which could cause actual results, performance or achievements of DFR to differ materially from those contemplated (whether expressly or by implication) in the forward-looking statements or other forward-looking information contained herein are disclosed in DFR's publicly filed disclosure documents, including those disclosed under "Risk Factors" in this Circular.

DATE OF INFORMATION

Except as otherwise indicated in this Circular, all information disclosed in this Circular is as of April 29, 2022 and the phrase "as of the date hereof" and equivalent phrases refer to such date.

CURRENCY

In this Circular, all dollar amounts are expressed in Canadian dollars, except as otherwise indicated. References to "$" or "dollars" are to Canadian dollars and references to "US$" are to United States dollars.

SUMMARY

The following is a summary of information relating to DFR and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular. This summary is provided for convenience only and is qualified in its entirety by the more detailed information appearing elsewhere in the Notice of Meeting and this Circular, including the Schedules hereto and the documents incorporated by reference herein.

THE MEETING

Time, Date and Place of Meeting

The Meeting will be held at the 15th Floor, 125 Old Broad Street, London, EC2N 1AR, United Kingdom on Thursday June 9, 2022 at 8:00 a.m. (Pacific Daylight Time).

The Record Date

The Record Date for determining the Shareholders eligible to vote at the Meeting is April 29, 2022

Purpose of the Meeting

This Circular is furnished in connection with the solicitation of proxies by management of DFR for use at the Meeting.

At the Meeting, the Shareholders will be asked to consider and approve setting the number of Directors of the Corporation at eight (8), the election of directors as nominated by Management for the ensuing year (subject to the resignations of certain directors if the Transaction is approved), the appointment of Davidson & Company LLP, Chartered Professional Accountants, as auditors of the Corporation for the ensuing year and authorizing the directors to fix their remuneration, increasing the number of shares reserved under the DFR Stock Option Plan to 8,000,000 (and if the Transaction is approved, increasing the number of shares reserved under the DFR Stock Option Plan to 17,800,000), to consider and, if deemed advisable, to pass with or without variation, an ordinary resolution to approve the Transaction, to approve the Insider Debt Settlements and such other matters as may properly be brought before the Meeting or any adjournment or postponement thereof. See "Particulars of Matters to be Acted Upon at the Meeting" and "Description of the Transaction".

THE TRANSACTION

The Transaction is a Fundamental Acquisition pursuant to the rules of the TSXV comprising four principal elements: (i) the acquisition of an 80% interest in Moydow (the "**Moydow Acquisition**"); (ii) the completion of the Financings aggregating US$4,469,236; (iii) the addition of Brian Kiernan as a New Control Person of DFR; and (iv) entering into two (2) joint venture agreements with Panthera governing the ongoing exploration and development of the Labola Gold Project and the Other Moydow Properties as set out in the Go-Forward Agreement. The Transaction will result in the Corporation holding an 80% interest in the Labola Gold Project, subject to the Labola Option Agreement, and provides the Corporation with sufficient funding to complete the first phase of exploration set out in the Labola Report to advance the Labola Gold Project and sufficient working capital to fund the business of the Corporation. In addition, the Corporation will have a minority interest in two other exploration prospects in West Africa.

The following is a summary of the Moydow Acquisition, the Financings, the New Control Person and the Go-Forward Agreement comprising the elements of the Transaction:

The Moydow Acquisition

In connection with the Transaction, pursuant to the terms of the Kiernan Exchange Agreement, the Minority Share Exchange Agreements and the Moydow Options Exchange Agreements, the Corporation will acquire an 80% interest in Moydow in consideration for the issuance of 71,880,320 DFR Shares.

Subject to the terms of the Go-Forward Agreement, the Corporation will hold an 80% interest in Moydow with Panthera holding a 20% carried interest (subject to the Moydow JV) and a 50% interest in Maniger with Panthera holding a 50% interest.

The principal asset of Moydow is the Labola Gold Project. On October 25, 2021 the Corporation announced a mineral resource for the Labola Gold Project set out below.

*Table 1.0. Mineral Resource for the Labola Gold Project, 25 October 2021***

Category	Mineralization (Mt)	Gold grade (g/t Au)	Contained gold (koz)
Indicated Resource	5.41	1.52	264
Inferred Resource^	6.93	1.67	371

1. *** Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources in this note were reported using CIM (2014) Standards on Mineral Resources and Reserves, Definitions and Guidelines and adopted by CIM Council.*
2. *^ The quantity and grade of the reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define this Inferred Resource as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in upgrading the Inferred Resource to an Indicated or Measured Mineral Resource category.*
3. *The Mineral Resource has been constrained by an open pit evaluation using a gold price of $1900 per ounce, and then reported at a cut-off of 0.5 g/t Au.*
4. *Contained metal and tonnes figures in totals may differ due to rounding.*

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. The quantity of mined material has been calculated from estimates of dump and leach pad volumes. The grade of the material mined has been estimated in the range of 1.5-3.0 g/t Au and is based on an evaluation of extensive rock chip, channel sampling of artisanal workings and selective sampling of adjacent dumps. The location where the material has been mined from is not known with any degree of accuracy. As such, the artisanal mining has not been deducted from the Mineral Resource but noted here for reference.

At Closing, following the restructuring of the interests of DFR and Panthera in Moydow, DFR will hold an 80% indirect interest in the Labola Gold Project with Panthera holding a 20% carried interest (subject to the Moydow JV). DFR can maintain its 80% interest on the condition that it invests US$18,000,000 in the Labola Gold Project by September 30, 2026. The interests of DFR and Panthera in the Labola Gold Project will be adjusted such that if DFR makes no investments in the Labola Gold Project by September 30, 2026, subject to the exercise by Panthera of its buy-back right (described below), DFR's interest in the Labola Gold Project would decrease to no less than 60%.

Panthera has the right to acquire an additional 10% interest in the Labola Gold Project on the earlier of (i) ninety (90) days following DFR completing an investment of US$18,000,000 in the Labola Gold Project; or (ii) September 30, 2026, by making a payment to DFR of up to US$7,200,000 to be proportionately adjusted down based upon DFR's actual investment in the Labola Gold Project by September 30, 2026.

In addition to the Labola Gold Project, pursuant to its 50% interest in Maniger the Corporation will have an indirect 40% interest in the Kalaka Property located in Mali, Africa and an indirect 25.5% interest with the right to earn up to a 32.5% interest in various gold exploration projects in Nigeria.

The Financings

The Founder Subscription Agreements

As set out in the Press Release dated August 25, 2021, Spirit agreed to invest US$1.5M into DFR through the exercise of 10,666,667 existing warrants of DFR at an exercise price of $0.125 per share for an aggregate of US$1,063,264 and to make an additional investment of US$436,736 at a price of US$0.217 per DFR Share. On September 10, 2021, Spirit exercised its warrants and the funds were used to repay a US$1M loan advanced to the Corporation by Spirit in August, 2021 plus accrued interest of US$15,123 for a total of $1,015,123 with an additional amount of US$48,141 paid to the Corporation. In addition, Spirit entered into a Founder Subscription Agreement to subscribe for 2,012,607 DFR Shares at US$0.217 for gross proceeds of US$436,736 conditional upon the closing of the Transaction.

As set out in the August 25, 2021 Press Release, Brian Kiernan agreed to exercise US$350,000 worth of Moydow Options and make a further investment of US$900,000 by way of subscription for 4,147,465 DFR Shares at a price of US$0.217 per share. Kiernan had previously exercised US$250,000 of Moydow Options and exercised the remaining US$350,000 of Moydow Options in October of 2021 to fund the operations of Moydow. Kiernan entered into a Founder Subscription Agreement to subscribe for an aggregate of 4,147,465 DFR Shares at $0.217 for aggregate proceeds of US$900,000 conditional upon the closing of the Transaction.

The total initial founder investments aggregated a commitment of US$2,750,000, of which US$1,413,264 has been paid and US$1,336,736 in new funding will be paid on Closing.

The New Financing

Pursuant to a press release dated March 11, 2022, the Corporation announced that it would be raising an additional US$3,132,500 through the issuance of 19,891,375 DFR Shares priced at $0.20 per DFR Share to provide the Corporation with sufficient funding to complete the initial exploration program on the Labola Gold Project and to provide the Corporation with sufficient working capital to December 31, 2022. Six insiders of the Corporation (including a subscription by Spirit for US$500,000) will be participating in the financing for an aggregate of US$682,500. Existing shareholders of the Corporation will be subscribing for US$700,000 of the New Financing and new investors (including a subscription by Kiernan for US$1,000,000) will be subscribing for US$1,750,000 of the New Financing. The insider subscriptions are exempt from the provisions of MI 61-101.

New Control Person

Assuming the completion of the Moydow Acquisition and the Financings, after giving effect to the Transaction, Spirit will have acquired an additional 1,646,000 DFR Shares pursuant to the Minority Share Exchange Agreement with Spirit, 2,012,607 DFR Shares pursuant to the Founder Subscription Agreement and 3,175,000 DFR Shares pursuant to the New Financing Subscription Agreement for a total of 6,833,607 additional DFR Shares to hold 70,995,597 DFR Shares being approximately 39.7% of the issued and outstanding Shares of the Resulting Issuer. Spirit will remain the largest shareholder of the Corporation.

As a result of the issuance of DFR Shares to Kiernan pursuant to the Kiernan Exchange Agreement (55,141,000 DFR Shares), the Founder Subscription Agreement with Kiernan (4,147,465 DFR Shares) and the New Financing Subscription Agreement with Kiernan (6,350,000 DFR Shares), Kiernan will acquire 65,638,465 DFR shares. In addition, in March of 2022 Kiernan acquired from a director of the Corporation and currently holds 700,000 DFR shares (which shares will be excluded from voting on the Transaction). As a result, Kiernan will hold 66,338,465 DFR Shares representing approximately 37.1% of the Resulting Issuer Shares after giving effect to the Transaction and will be a new control person ("**New Control Person**") of DFR. Pursuant to the rules of the TSXV, a Control Person is defined as a party holding 20% or more of the shares of an issuer. The TSXV requires shareholder approval to a New Control Person.

Pursuant to the terms of the Kiernan Exchange Agreement, Kiernan will be appointed as a director and Chairman of DFR. As long as Kiernan beneficially owns, directly or indirectly more than 25% of the issued and outstanding DFR Shares, he will be entitled to a total of two (2) nominees on the DFR board of directors. If Kiernan beneficially owns directly or indirectly at least 10% but less than 25% of the issued and outstanding DFR Shares, he will only be entitled to one (1) nominee on the board of directors. The 55,141,000 DFR Shares to be received by Kiernan pursuant to the Kiernan Exchange Agreement will be subject to a 30-month hold period from the time of closing of the Transaction during which time they cannot be sold, transferred, pledged, assigned or disposed of.

The Go-Forward Agreement

Pursuant to the terms of the Go-Forward Agreement between Panthera and DFR, the subsidiaries of Moydow will be reorganized so that upon completion of the Moydow Acquisition and the Financings, DFR will have an 80% interest in Moydow and Panthera will have a 20% interest in Moydow. Moydow will then become a joint venture company for the further exploration and development of the Labola Gold Project and the WUO Land 2 Property. As part of the reorganization of Moydow, Panthera will exchange 500,000 Moydow Shares for a 50% interest in Maniger with DFR holding a 50% interest in Maniger. Maniger will hold the interests in the Kalaka Property and the Nigerian Properties. DFR and Panthera will enter into a shareholders' agreement with Moydow that will govern the further exploration and development of the Labola Gold Project (the "**Moydow JV**") and DFR and Panthera will enter into a shareholders' agreement with Maniger that will govern the further exploration and development of the Kalaka Property and the Nigerian Properties (the "**Maniger JV**"). DFR will be the operator of the Moydow JV and Panthera will be the operator of the Maniger JV.

Management of the Resulting Issuer

As part of the Transaction, assuming the receipt of requisite approvals, Philip Murphy, Norman Baker and Francois Collette will resign as directors of DFR in favour of Brian Kiernan, Carlo Baravalle and Len Comerford. The following will be the officers and directors of the Resulting Issuer: Brian Kiernan, Non-Executive Director and Chairman, John McGloin, CEO, President and Director, Sybrand Van Der Spuy, COO and Director, Carlo Baravalle, Non-Executive Director, Bertrand Boulle, Non-Executive Director, Len Comerford, Non-Executive Director, Al Gourley, Non-Executive Director, David Reading, Non-Executive Director, and Jean Lindberg Charles, CFO and Secretary.

See heading "Information Concerning the Resulting Issuer – Directors, Officers and Promoters".

Benefits of the Transaction

The Transaction will merge Moydow's Labola Gold Project with US$4,469,236 to provide the Resulting Issuer with sufficient funds to complete the first phase of the exploration program on the Labola Gold Project and to provide the Corporation with sufficient working capital until December 31, 2022. The Resulting Issuer will be well-positioned as a West Africa Gold Explorer, to advance the Resulting Issuer's Labola Gold Project. See headings "Description of the Transaction", "Information Concerning Moydow" and "Information Concerning the Resulting Issuer".

RECOMMENDATION OF THE DFR BOARD

The DFR Independent Directors have considered the proposed Transaction on the terms and conditions as provided in the Transaction Agreements and have unanimously concluded that the Transaction is in the best interests of the Corporation and fair, from a financial point of view, to the shareholders of DFR. The DFR Non-Independent Directors have considered the proposed Transaction on the terms and conditions as provided in the Transaction Agreements and have unanimously concluded that the Transaction is in the best interests of the Corporation and fair, from a financial point of view, to the shareholders of DFR.

ACCORDINGLY, THE DFR BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE TRANSACTION RESOLUTION.

In reaching their determination, the DFR Board considered information with respect to the business and affairs of DFR and Moydow, particulars of the Labola Gold Project (and interest therein) being acquired, the Founder Subscription Agreements and the New Financing. See heading "Description of the Transaction – Recommendation of the DFR Board".

SHAREHOLDER APPROVAL

The Transaction Resolution must be approved, with or without variation, by the affirmative vote of a majority of the votes cast at the Meeting by the DFR Shareholders excluding the votes of Spirit and the DFR Non-Independent Directors. See heading "Particulars of Matters To Be Acted Upon – Approval of the Transaction".

ARM'S LENGTH TRANSACTION

DFR, Moydow and Panthera act at arm's length to one another. The Transaction is not a related party transaction as defined in MI 61-101. However, Al Gourley, Non-Executive Chairman and Director and a shareholder of DFR is also a shareholder, option holder and director of Moydow. In addition, David Reading a director and shareholder of the Corporation, is a Consultant and option holder of Moydow. As a result, the DFR Shares held by Al Gourley and David Reading will be excluded from voting on the approval of the Transaction. Spirit is the controlling shareholder of the Corporation and has an indirect interest in 100,000 Moydow Shares. Spirit is controlled by JRB and JRB is not an officer or director of either DFR or Moydow. Spirit also has an interest in the Financings but the investment of funds in DFR by Spirit is exempt from the provisions of MI 61-101. Spirit would be entitled to vote for the New Control Person but is excluded from voting in respect of the Moydow Acquisition and the Financings and therefore all of the DFR Shares held by Spirit will be excluded from voting on the approval of the Transaction. Reference is made to the heading "Description of the Transaction – Interests of Certain Persons in the Transaction" for further particulars.

ESTIMATED FUNDS AVAILABLE

The following table sets out information respecting the Resulting Issuer's sources of funds and intended uses of such funds upon completion of the Transaction. The amounts shown in the table are estimates only and are based upon the information available to DFR as of the date hereof. The intended uses of such funds and/or the Resulting Issuer's development capital needs may vary based upon a number of factors.

Sources of Funds	US$
Estimated working capital of DFR as at September 30, 2021	187,481
Estimated working capital of Moydow as at September 30, 2021	(487,142)
Founder Subscription Agreements	1,336,736
Exercise of Moydow options pursuant to the Transaction Agreements	350,000
New Financing	3,132,500
Insider Debt Settlements	117,500
Exercise of DFR Option s[(1)]	80,000
Exercise of DFR Options[(1)]	378,000
Estimated funds available to the Resulting Issuer upon completion of	5,095,075

the Transaction	

Note:

(1) On March 11, 2022, the Corporation announced that 700,000 DFR Options had been exercised for approximately US$80,000. It is estimated that US$320,000 proceeds from the exercise of DFR Options will be received within ten (10) business days following Closing, and US$58,000 within 90 days following Closing.

PRINCIPAL PURPOSES

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use its available funds on completion of the Transaction. See "Information Concerning the Resulting Issuer – Business Objectives and Milestones".

Use of Funds	**US$**	
Estimated Transaction Costs (Listing fees, legal and audit expenses, etc.) other than as included under item cash outflows from October 1, 2021 until Closing above	439,000	
Working Capital from October 1, 2021 until Closing	777,000	
Property expenditures from October 1, until Closing	854,000	(1)
General and administrative expenses of the Resulting Issuer for the 6 months following Closing	1,029,000	(2)
Exploration of the Resulting Issuer Labola Gold Project	1,327,000	(3)
Other Property expenditures	306,000	(4)
Unallocated working capital to fund ongoing operations	363,000	
Total	5,095,000	

Notes:

(1) Includes projects/property spending for DFR and Moydow from October 1, 2021 until May 31, 2022

(2) Includes salaries, consulting fees, listing related and general administrative expenses until November 30, 2022.

(3) Estimate includes US$ 1,000,000 phase 1 of the forthcoming exploration programme, administrative, general expenses, statutory and contractual payments associated with the Labola project for the six months following Closing

(4) Includes contractual and statutory payments for DFR's and Moydow's properties mainly Kalaka and Beravina, with minor compliance costs for Namibia, Red Sea and Nigeria projects.

There may be circumstances where, for sound business reasons, the Resulting Issuer reallocates its expenditures. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer will be available if required.

SELECTED PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table summarizes selected pro-forma consolidated financial information for the Resulting Issuer as at September 30, 2021. The information should be read in conjunction with the Resulting Issuer's pro-forma consolidated statement of financial position and related notes and other financial information included as **Schedule J** to this Circular.

	DFR (unaudited) as at September 30, 2021 US$	Moydow (unaudited) as at September 30, 2021 US$	Pro-forma adjustments US$	Pro-forma consolidated as at September 30, 2021 US$
Cash	600,387	368,895	4,469,236	5,438,518
other current assets	29,189	5,696	-	34,885
Non-current assets	-	4,181,813	(4,138,827)	42,986
Total Assets	**629,576**	**4,556,404**	**330,409**	**5,516,389**
Current liabilities	442,095	861,733	(117,500)	1,186,328
Share Capital	56,848,151	6,984,550	8,149,346	71,982,047
Reserves and (deficits)	(56,660,670)	(3,289,879)	(10,338,227)	(70,288,776)
Owners' interests	**187,481**	**3,694,671**	**(2,188,881)**	**1,693,271**
Non-controlling interest	-	-	2,636,790	2,636,790

LISTING OF DFR SHARES AND MARKET PRICE OF DFR SHARES

The DFR Shares are currently listed on the TSXV under the symbol "DFR". The closing price of the DFR Shares on August 24, 2021, being the last trading day prior to the announcement of the Transaction, was $0.185.

OFFICERS AND DIRECTORS

In connection with the Closing, the officers and directors of DFR are expected to change such that, upon completion of the Transaction the directors and officers of the Resulting Issuer will be as follows:

Brian Kiernan, Non-Executive Director and Chairman
John McGloin, CEO, President and Director
Sybrand Van Der Spuy, COO and Director
Carlo Baravalle, Non-Executive Director
Bertrand Boulle, Non-Executive Director
Len Comerford, Non-Executive Director
Al Gourley, Non-Executive Director
David Reading, Non-Executive Director
Jean Lindberg Charles, CFO and Secretary
For further particulars, see heading "Information Concerning the Resulting Issuer".

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the Insiders and promoters of the Resulting Issuer will be subject to in connection with the operations of the Resulting Issuer. Some of the Insiders and promoters have been and will

continue to be engaged in the identification and evaluation of businesses and companies, with a view to the potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where such Insiders and promoters will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies prescribed by the BCBCA and Securities Laws.

INTERESTS OF EXPERTS

To the knowledge of DFR, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Circular or prepared or certified a report or valuation described or included in this Circular has a direct or indirect interest in the property of DFR, or in an associate or affiliate of DFR, except for David Reading, a director of DFR, who has acted as the Qualified Person for DFR.

INTERESTS OF CERTAIN PERSONS IN THE TRANSACTION

In considering the recommendation of the DFR Board with respect to the Transaction, DFR Shareholders should be aware that certain members of the DFR Board and DFR's management have interests in connection with the Transaction that may create actual or potential conflicts of interest in connection with the Transaction. These include the interests of Al Gourley, a director and shareholder of DFR, who is also a director of Moydow and a holder of 100,000 Moydow Shares and 100,000 Moydow Options and a party to a Minority Share Exchange Agreement and a Moydow Options Exchange Agreement, is also a party to a New Financing Subscription Agreement and has agreed to subscribe for US$25,000 of the New Financing in consideration for 158,750 DFR Shares; David Reading, a director and shareholder of DFR, who is also a consultant to Moydow and a holder of 100,000 Moydow Options and a party to a Moydow Options Exchange Agreement, is also a party to a New Financing Subscription Agreement and has agreed to subscribe for US$50,000 of the New Financing in consideration for 317,500 DFR Shares; Bertrand Boulle, a director of DFR, is a party to a New Financing Subscription Agreement and has agreed to subscribe for US$25,000 of the New Financing in consideration for 158,750 DFR Shares; and John McGloin, President, CEO and a director of DFR, is a party to a New Financing Subscription Agreement and has agreed to subscribe for US$12,500 of the New Financing in consideration for 79,375 DFR Shares. In addition Spirit, controlled by JRB, is the controlling shareholder of DFR and indirectly holds 100,000 Moydow Shares and is a party to a Minority Share Exchange Agreement as well as a Founder Subscription Agreement and a New Financing Subscription Agreement (reference is made to the headings "Summary – The Transaction – The Financings" and "Description of the Transaction – The Financings"). However, JRB is not an officer or director of either DFR or Moydow. Minerex Drilling Contractors Ltd. ("**Minerex**"), a shareholder of DFR, and a company in which Kiernan has a 13% interest, is the holder of 200,000 Moydow Shares and a party to a Minority Share Exchange Agreement, is also a party to a New Financing Subscription Agreement and has agreed to subscribe for US$550,000 of the New Financing in consideration for 3,492,500 DFR Shares. Reference is made to the heading "Description of the Transaction – The Acquisition of Moydow – The Minority Share Exchange Agreements" and "The New Financing" for further particulars. The DFR shares held by each of Al Gourley, David Reading, Spirit and Minerex will be excluded from voting on the Transaction. The DFR Board is aware of these interests and considered them along with the other matters described under the heading "Description of the Transaction – Recommendation of the DFR Board". See "Description of the Transaction – Interests of Certain Persons in the Transaction".

RISK FACTORS

There are certain risk factors associated with the Transaction which should be carefully considered by Shareholders, including the fact that the Transaction may not be completed if, among other things, the Transaction Resolution is not approved at the Meeting or if any other conditions precedent to the completion of the Transaction are not satisfied or waived as applicable. See "Risk Factors".

If the Transaction is completed as contemplated, the Resulting Issuer will continue the business of DFR going forward. There are numerous risks associated with such business and such risk factors are more particularly described in "Risk Factors".

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management (the "Management") of DIAMOND FIELDS RESOURCES INC. for use at the Annual General and Special Meeting of Shareholders (the "Meeting") of the Corporation to be held at the 15th Floor,125 Old Broad Street, London, EC2N 1AR, United Kingdom at the hour of 8:00 o'clock in the morning (Pacific Daylight Time), on Thursday, the 9th day of June, 2022, for the purposes set out in the accompanying Notice of Meeting. The cost of solicitation will be borne by the Corporation.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally by the directors and/or officers of the Corporation at nominal cost. Arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares ("**Common Shares**") held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the form of proxy or voting instruction form are officers or directors of the Corporation (the "**Management Designees**"). **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO** by inserting such other person's name in the blank space provided in the form of proxy or voting instruction form and depositing the completed proxy or voting information form with the Transfer Agent of the Corporation, **Computershare Investor Services Inc. ("Computershare"), 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1**. A proxy can be executed by the Shareholder or his attorney duly authorized in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, the proxy may be revoked before it is exercised by instrument in writing executed and delivered in the same manner as the proxy at any time up to and including the second last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting and upon either such occurrence, the proxy is revoked.

Please note that Shareholders who receive the Circular from an Intermediary (as defined in the "Advice to Non-Registered Shareholders" section below) must return the proxy forms, once voted, to their Intermediary for the proxy to be dealt with.

DEPOSIT OF PROXY

By resolution of the Board of Directors of the Corporation (the "**Board**") duly passed, **ALL PROXIES TO BE USED AT THE MEETING MUST BE DEPOSITED BY 8:00 A.M. (PACIFIC DAYLIGHT TIME) ON TUESDAY, JUNE 7, 2022, BEING NOT LESS THAN 48 HOURS, EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS, PRECEDING THE DATE OF THE MEETING, OR ANY ADJOURNMENT THEREOF, WITH THE TRANSFER AGENT OF THE CORPORATION, COMPUTERSHARE**, provided that a proxy may be delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time for voting to revoke a proxy previously delivered in accordance with the foregoing.

NOTICE-AND-ACCESS

The Corporation is not sending this Information Circular to registered or beneficial shareholders using "notice-and-access" as defined under National Instrument 54-101– *Communication with Beneficial Owners of Securities of Reporting Issuers* ("**NI 54-101**").

NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders because the common shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only registered shareholders (or duly appointed proxyholders) may complete a Proxy or vote at the Meeting in person.

This Information Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**Objecting Beneficial Owners**", or "**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**", or "**NOBOs"**). Subject to the provision of NI 54- 101, issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents and use this NOBO list for distribution of proxy-related materials directly to NOBOs.

NON-OBJECTING BENEFICIAL OWNERS

This year, the Corporation has decided to take advantage of those provisions of NI 54-101 that permit the Corporation to deliver proxy-related materials directly to its NOBOs who have not waived the right to receive them (and is not sending proxy-related materials using notice-and-access). These securityholder materials are being sent to both registered owners and non-registered owners of the securities of the Corporation. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result, Canadian NOBOs can expect to receive a scannable Voting Instruction Form ("**VIF**") together with the Notice of Meeting, this Information Circular and related documents from our Transfer Agent, Computershare. These VIFs are to be completed and returned to Computershare in accordance with the instructions provided. NOBOs should carefully follow the instructions provided, including those regarding when and where to return the completed VIFs. NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact Computershare to arrange to change their vote.

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert the NOBO's name (or such other person as the NOBO wishes to attend and vote on the NOBO's behalf) in the blank space provided for that purpose on the VIF and return the completed VIF in line with the instructions provided or the NOBO must submit to the Corporation any other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. In such circumstances with respect to proxies held by management in respect of securities owned by the NOBO so requesting, the Corporation must arrange, without expense to the NOBO, to appoint the NOBO or a nominee of the NOBO as a proxyholder in respect of those securities. Under NI 54-101, if the Corporation appoints a NOBO or a nominee of the NOBO as a proxyholder as aforesaid, the NOBO or nominee of the NOBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101, if the Corporation appoints a NOBO or its nominee as proxyholder as aforesaid the Corporation must deposit the proxy within the timeframe specified above for the deposit of proxies if the Corporation obtains the instructions at least one (1) business day before the termination of that time.

OBJECTING BENEFICIAL OWNERS

In accordance with the requirements of NI 54-101, we have distributed copies of the Notice of Meeting, this Circular, and related documents (collectively, the "**Meeting Materials**") to the clearing agencies and intermediaries for onward distribution to OBOs. Intermediaries are required to forward the Meeting Materials to OBOs unless in the case of certain proxy-related materials the OBO has waived the right to receive them. Very often, intermediaries will use service companies such as Broadridge to forward the Meeting Materials to OBOs. Together with the Meeting Materials, intermediaries or their service companies should provide OBOs with a "request for voting instruction form" which, when properly completed and signed by such OBO and returned to the intermediary or its service Corporation, will constitute voting instructions which the intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the common shares that they beneficially own. The Corporation does not intend to pay for an intermediary to deliver the Meeting Materials to OBOs and OBOs will not receive the Meeting Materials and voting instruction form unless their intermediary assumes the costs of delivery. Every intermediary has its own mailing procedures and provides its own return instructions to clients. OBOs should carefully follow the instructions of their intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.

OBOs who wish to change their vote must in sufficient time in advance of the Meeting arrange for their respective intermediaries to change their vote.

Should an OBO wish to vote at the Meeting in person, the OBO must insert the OBO's name (or such other person as the OBO wishes to attend and vote on the OBO's behalf) in the blank space provided for that purpose on the request for voting instruction form and return the completed request for voting instruction form to the intermediary or its service provider or the OBO must submit, to their intermediary, any other document in writing that requests that the OBO or a nominee of the OBO be appointed as proxyholder. In such circumstances an intermediary who is the registered holder of, or holds a proxy in respect of, securities owned by an OBO is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or a nominee of the OBO as a proxyholder in respect of those securities. Under NI 54-101, if an intermediary appoints an OBO or the nominee of the OBO as a proxyholder as aforesaid, the OBO or nominee of the OBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of the intermediary, in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101 an intermediary who appoints an OBO or its nominee as proxyholder as aforesaid is required under NI 54-101 to deposit the proxy within the timeframe specified above for the deposit of proxies if the intermediary obtains the instructions at least one (1) business day before the termination of that time.

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Corporation, c/o Fasken Martineau DuMoulin LLP, Attention: Sam Li, Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3 at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-registered shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact Computershare or their Nominees to arrange to revoke the proxy on their behalf.**

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy or voting instruction form for use at the Meeting will vote the Common Shares in respect of which they are appointed in accordance with the directions of the shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES SHALL BE VOTED "FOR"**:

(a) setting the number of Directors of the Corporation at eight (8);

(b) election of the directors as nominated by Management;

(c) appointment of Davidson & Company LLP**,** Chartered Professional Accountants, of Vancouver, B.C., as auditors of the Corporation for the ensuing year and authorizing the directors to fix their remuneration;

(d) approval to fix the number of shares reserved for the Fixed Stock Option Plan at 8,000,000 Shares;

(e) approval of the Transaction;

(f) approval of the settlement of US$30,000 of debt owed to Jean Charles and the settlement of US$87,500 of debt owed to John McGloin in consideration for the issuance of an aggregate of 746,125 DFR Shares priced at $0.20 per DFR Share; and

(g) to transact such further and other business as may properly come before the said Meeting or any adjournment or adjournments thereof.

ALL AS MORE PARTICULARLY DESCRIBED IN THIS CIRCULAR.

The form of proxy or voting instruction form confers discretionary authority upon the persons named therein with respect to any amendment, variation or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO THE MANAGEMENT DESIGNEES SHOULD PROPERLY COME BEFORE THE MEETING, THE COMMON SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.**

EFFECTIVE DATE

The effective date of the Circular is April 29, 2022.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Each shareholder of record will be entitled to one (1) vote for each Common Share held at the Meeting.

Holders of record of the Common Shares of the Corporation on April 29, 2022 (the "**Record Date**") will be entitled either to attend and vote at the Meeting in person shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation as described herein, to attend and vote there at by proxy the shares held by them.

The Corporation has an authorized capital consisting of an unlimited number of common shares without par value (the "**Shares**"), of which 80,262,329 are issued and outstanding as at the record date, being April 29, 2022. Persons who are registered shareholders at the close of business on the record date will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held.The Corporation has only one class of shares.

To the knowledge of the directors and executive officers of the Corporation, no person or Corporation beneficially owns, controls or directs, directly or indirectly, Shares carrying 10% or more of the voting rights attached to all Shares of the Corporation, except the following:

Name of Member	Type of Ownership	Number of Shares	Percentage of Issued and Outstanding Shares
Jean-Raymond Boulle	Direct/Indirect	64,161,990[(1)]	79.9%

[(1)] Of these common shares, 12,300 are held directly, and 63,149,690 are held indirectly in the name of Spirit Resources SARL (**Spirit**), which is a private corporation controlled by Jean-Raymond Boulle

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as described in this Circular, no informed person or proposed director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year ended December 31, 2020 or in any proposed transaction which in either such case has materially affected or would materially affect the Corporation or any of its subsidiaries, except as disclosed herein. Reference is made to the heading "Description of the Transaction - Interests of Certain Persons in the Transaction".

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year, and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and the appointment of officers except as disclosed herein. John McGloin, President, CEO and a director of the Corporation, and Jean Charles, CFO of the Corporation, have an interest in the Insider Debt Settlements. Reference is made to the heading "Particulars of Matters to Be Acted upon at the Meeting – Insider Debt Settlements." Reference is also made to the heading "Description of the Transaction - Interests of Certain Persons in the Transaction".

INFORMATION CONCERNING DFR FOR THE MEETING

EXECUTIVE COMPENSATION

The information contained below is provided as required under Form 51-102F6 for Venture Issuers, as such term is defined in National Instrument 51-102.

During the financial year ended December 31, 2020, the Corporation had two Named Executive Officers ("**NEOs**") being, Sybrand Van Der Spuy, the President and Chief Executive Officer ("**CEO**") and Jean Lindberg Charles, the Chief Financial Officer ("**CFO**") and Secretary of the Corporation.

"**Named Executive Officer**" means: (a) a CEO, (b) a CFO, (c) the most highly compensated executive officer of the Corporation, including any of its subsidiaries, other than the CEO and the CFO, including an individual performing functions similar to a CEO and CFO, at the end of the most recentlycompleted financial year whose total compensation was more than $150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V for that financial year; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Corporation, or its subsidiaries, nor acting in similar capacity, at the end of the financial year.

Director and NEO Compensation, Excluding Compensation Securities

Set out below is a summary of all compensation paid, payable, awarded, granted, given or otherwise provided, excluding compensation securities, during the Corporation's two most recently completed financial years being the year ended December 31, 2020 and the six-months ended December 31, 2019 to the Corporation's NEOs and directors, in any capacity, for services provided and for services to be provided, directly or indirectly, to the Corporation or any subsidiary thereof.

Table of compensation excluding compensation securities (stated in USD[2] or $)							
Name and principalposition	Year[1]	Salary, consulting fee retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total compensation($)
Sybrand Van Der Spuy	Dec 2020	150,000	-	-	-	-	150,000
President, CEO, Director	Dec 2019	75,000	-	-	-	-	75,000
Jean Lindberg Charles	Dec 2020	154,500	-	-	-	-	154,500
CFO, Secretary	Dec 2019	77,250	-	-	-	-	77,250
Albert C Gourley	Dec 2020	-	-	-	-	-	-

Director	Dec 2019	-	-	-	-	-	-
Norman Roderic Baker	Dec 2020	-	-	-	-	-	-
Director	Dec 2019	-	-	-	-	-	-
Francois Colette	Dec 2020	-	-	-	-	-	-
Director	Dec 2019	-	-	-	-	-	-
Bertrand Boulle	Dec 2020	-	-	-	-	-	-
Director	Dec 2019	4,972	-	-	-	-	4,972
David Reading	Dec 2020	16,107	-	-	-	-	16,107
Director	Dec 2019	-	-	-	-	-	-
Philip Murphy	Dec 2019	-	-	-	-	-	-
Director	Dec 2019	-	-	-	-	-	-

[1]: The Corporation changed its financial year-end from June 30 to December 31 during the previous period, and as such, had prepared a one off six-month reporting period ending December 31, 2019.

[2]: Other than with respect to David Reading, all amounts reported in this table were awarded and payable in USD; however, certain amounts were paid in other currencies at the request of the applicable NEO or director. Such amounts payable in USD were converted into the applicable currency at the prevailing exchange rate at the time of the payment. With respect to David Reading, the consultancy fees were awarded and paid in GBP and converted to the reporting currency at the average exchange rate during the month of the payment. Amounts awarded or paid in currencies other than the USD are as follows:

1. Sybrand Van Der Spuy, CEO – Consultancy Fees

	Year ended - December 2020				**Six-months ended - December2019**			
Month	Amount Reported USD	Currency & Amount Awarded	Currency paid	Exchange rate to USD 1	Amount Reported USD	Currency & Amount Awarded	Currency paid	Exchange rate to USD 1
January	$ 12,500	USD 12,500	NAD	14.83	N/A			
February	$ 12,500	USD 12,500	NAD	15.11	N/A			
March	$ 12,500	USD 12,500	NAD	17.91	N/A			
April	$ 12,500	USD 12,500	NAD	19.17	N/A			
May	$ 12,500	USD 12,500	NAD	17.28	N/A			
June	$ 12,500	USD 12,500	NAD	17.28	N/A			
July	$ 12,500	USD 12,500	NAD	16.72	$ 12,500	USD 12,500	NAD	14.64
August	$ 12,500	USD 12,500	NAD	16.96	$ 12,500	USD 12,500	NAD	15.47
September	$ 12,500	USD 12,500	NAD	16.46	$ 12,500	USD 12,500	NAD	14.79
October	$ 12,500	USD 12,500	NAD	16.26	$ 12,500	USD 12,500	NAD	14.36
November	$ 12,500	USD 12,500	NAD	15.28	$ 12,500	USD 12,500	NAD	14.54
December*	$ 12,500	USD 12,500	NAD	15.34	$ 12,500	USD 12,500	NAD	14.27
	$ 150,000				$ 75,000			

December* 2020 paid after the year end

2. David Reading, Director – Consulting Fees

	Year ended - December 2020	**Year ended – December 2019**

Month	Amount USD	Currency & Amount Awarded	Currency paid	Exchange rate to USD 1	Amount USD	Currency & Amount Awarded	Currency paid	Exchange rate to USD 1
May	$ 4,943	GBP 4,000	GBP	0.81	-			
October	$ 3,862	GBP 3,000	GBP	0.78	-			
December	$ 3,335	GBP 2,500	GBP	0.75	-			
	$ 12,140				-			

3. Bertrand Boulle, Director – Consulting Fees

	Year ended - December 2020				Year ended – December 2019			
Month	Amount USD	Currency & Amount Awarded	Currency paid	Exchange rate to USD 1	Amount USD	Currency & Amount Awarded	Currency paid	Exchange rate to USD 1
December	-				$1,250	USD 1,250	EUR	0.89

The Corporation has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Corporation or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

As disclosed under "Fixed Stock Option Plan" below, the Corporation has a stock option plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Corporation in compensating, attracting, retaining and motivating the directors of the Corporation and to closely align the personal interests of such persons to that of the Shareholders.

Stock Options and Other Compensation

No compensation securities were granted or issued by the Corporation to NEOs or directors during the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEOs

No NEO or director exercised compensation securities were issued by the Corporation during the most recently completed financial year.

FIXED STOCK OPTION PLAN

At the fiscal year ended December 31, 2020, the Corporation had a Fixed Stock Option Plan (the "**Fixed Plan**") that reserved 6,789,000 shares for issuance, being less than 10% of the Corporation's 68,895,662 issued and outstanding shares as at that date. The Fixed Plan does not require shareholder approval, but was initially approved by shareholders on December 10, 2013 and last approved on December 12, 2016 to amend the Fixed Plan to increase the number of shares issuable under the Fixed Plan to 4,700,000 shares.

The material terms of the current Fixed Plan are as follows.

The maximum number of shares which may be issuable pursuant to options granted under the Fixed Plan is 6,789,000 common shares, or such additional amount as may be approved from time to time by the shareholders of the Corporation and the TSX-V.

The options may be exercised over periods of up to ten (10) years as determined by the Board of Directors of the Corporation. The exercise price of each option is determined in the discretion of the Board of Directors at the time of the granting of the option.

Any options granted at a discount to market or to Insiders (as defined in TSX-V Policies) are subject to the TSX-V Exchange Hold Period (as defined in TSX-V Policies).

The number of shares which may be reserved for issuance pursuant to options granted under the Fixed Plan to Insiders as a group, together with all of the Corporation's other previously established or proposed share compensation arrangements, in the aggregate, shall not at any time exceed 10% of the total number of issued and outstanding shares on a non-diluted basis.

The number of shares which may be issuable under the Fixed Plan, together with all of the Corporation's other previously established or proposed share compensation arrangements, within a one-year period:

(a) to any one optionee shall not exceed 5% of the total number of issued and outstanding shares on the date of grant on a non-diluted basis;

(b) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding shares on the date of grant on a non-diluted basis;

(c) to any one consultant, shall not exceed 2% of the total number of issued and outstanding shares on the date of grant on a non-diluted basis; and

(d) to all Eligible Persons (defined in the Fixed Plan) who undertake Investor Relations Activities (as defined in TSX-V Policies) shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on the date of grant on a non-diluted basis.

Options Repricing

There was no repricing of stock options under the Corporation’s Fixed Plan or otherwise during the Corporation’s financial year ended December 31, 2020.

Pension Plan Benefits

The Corporation has no pension plans (whether defined contribution or defined benefit) that provide for payments or benefits to any NEO at, following, or in connection with retirement.

Termination and Change of Control Benefits

The Corporation and its subsidiaries have no employment contracts with any directors or NEOs.

Neither the Corporation, nor its subsidiaries, has a contract, agreement, plan or arrangement that provides for payments to a NEO following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or its subsidiaries, or a change in responsibilities of a director or NEO following a change of control.

Compensation Discussion and Analysis

The main objective of the Corporation’s executive compensation program is to attract, retain, and engage high-quality, high-performance executives who have the experience and ability to successfully execute the Corporation’s strategy and deliver value to our shareholders.

The objectives of the Corporation’s executive compensation program are as follows:

(i) compensate executives competitively for the leadership, skills, knowledge, and experience necessary to perform their duties;

(ii) align the actions and economic interests of executives with the interests of shareholders; and

(iii) encourage retention of executives.

The Corporation does not currently have a Compensation Committee. Rod Baker, Philip Murphy, David Reading, Francois Colette and Bertrand Boulle are considered by management to be independent members of the Board of Directors (the "**Independent Directors**"), and they annually review and set remuneration of executive officers. The Independent Directors determined that the executive compensation program should be comprised of the following elements:

- Management Fee – to compensate executives for the leadership, skills, knowledge and experience required to perform their duties; and
- Long-term Incentive Plan – to retain talented executives, reward them for their anticipated contribution to the long-term successful performance of the Corporation and align them with the interests of shareholders. The plan currently consists only of incentive stock options.

Process for Determining Executive Compensation

To determine compensation payable, the Independent Directors consider an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In setting the compensation, the Independent Directors annually review the performance of the CEO (or President) in light of the Corporation's objectives and consider other factors that may have impacted the success of the Corporation in achieving its objectives.

Compensation Policies and Risk Management

The Board of Directors has not carried out a formal evaluation of the implications of the risks associated with the Corporation's compensation policies and practices. The Board of Directors generally reviews at least once annually the risks, if any, associated with the Corporation's compensation policies and practices at such time.

The Corporation has not retained a compensation consultant during or subsequent to the most recently completed financial year.

The Corporation does not use a specific peer or "benchmark group" to determine executive compensation levels. Total compensation for executive officers includes consulting fees and long-term incentive stock options.

Hedging of Economic Risks in the Corporation's Securities

The Corporation has not adopted a policy forbidding directors and officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Corporation's securities granted as compensation or held, directly or indirectly, by directors or officers. The Corporation is not, however, aware of any directors of officers having entered into this type of transaction.

Option-based awards

The Corporation's stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Corporation. In determining the number of options to be granted to the executive officers, the Board of Directors takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely aligns the interests of the executive officers with the interests of shareholders. The directors of the Corporation are also eligible to receive stock option grants under the Corporation's stock option plan, and the Corporation applies the same process for determining such awards to directors as with NEOs.

A summary of the significant terms of the Corporation's stock option plan is reported under the heading "**Fixed Stock Option Plan**" above.

The Corporation's Independent Directors have the responsibility to administer the compensation policies related to the executive management of the Corporation, including option-based awards.

Securities Authorized for Issuance under Equity Compensation Plan

The following table sets forth the Corporation's compensation plans under which equity securities of the Corporation are authorized for issuance **as at the end of the most recently completed financial year** ended December 31, 2020.

Plan Category	***Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)***	***Weighted-average exercise price of outstanding options,warrants and rights (b)***	***Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)***
Equity compensation plans approved by security holders	5,150,000	0.145	1,639,000
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total:	**5,150,000**		**1,639,000**

The Corporation had 5,150,000 stock options granted and outstanding as at December 31, 2019, 2020, and 2021. A Director of DFR exercised 700,000 DFR stock options as announced by the Corporation on March 11, 2022 leaving a balance of 4,450,000 outstanding options and increasing the number of options available for future grants to 2,339,000. Fixed Plans (less than 10%) do not require shareholder approval. The Fixed Plan does not require shareholder approval, but was initially approved by shareholders on December 10, 2013 and last approved on December 12, 2016 to amend the Fixed Plan to increase the number of shares issuable under the Fixed Plan to 4,700,000 shares.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

Other than "routine indebtedness" as that term is defined in applicable securities legislation, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Corporation or any of its subsidiaries which is owing to the Corporation or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise**.**

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Corporation, no proposed nominee for election as a director of the Corporation and no associate of such persons:

(i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation or any of its subsidiaries; or

(ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries,

in relation to a securities purchase program or other program. Other than "routine indebtedness" as that term is defined in applicable securities legislation, there is no indebtedness of any director, executive officer, proposed nominee for

election as a director or associate of them, to or guaranteed or supported by the Corporation or any of its subsidiaries either pursuant to an employee stock purchase program of the Corporation or otherwise, during the most recently completed financial year.

MANAGEMENT CONTRACTS

No management functions of the Corporation or its subsidiaries are performed to any substantial degree by a person other than the Directors or executive officers of the Corporation or its subsidiaries.

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices in Form 58-101F1, which disclosure is set out below.

Independence of Members of Board

The Corporation's Board currently consists of eight (8) directors, five (5) of whom are currently considered independent based upon the tests for independence set forth in NI 52-110, being Norman Roderic Baker, Francois Colette, Bertrand Boulle, David Reading and Philip Murphy. John McGloin and Sybrand Van Der Spuy are not independent as they are respectively CEO/President and COO of the Corporation. Al Gourley is not independent as he is a partner of Fasken Martineau LLP, which accepts advisory fees from the Corporation for providing legal advisory services to the Corporation.

Board Compensation

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current Board compensation arrangements, which currently only include incentive stock options, adequately reflect the responsibilities and risks involved in being an effective director of the Corporation.

Mandate of the Board

The Board does not currently have a written mandate. The mandate of the Board, as prescribed by the *Business Corporations Act* (B.C.), (the "**Act"**) is to manage or supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. In doing so, the Board oversees the management of the Corporation's affairs directly and through its committees. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Corporation's overall business strategies and its annual business plan; reviewing and approving the annual corporate budget and forecast; reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Corporation's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Corporation's capital resources. The Board also takes responsibility for identifying the principal risks of the Corporation's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable.

In keeping with its overall responsibility for the stewardship of the Corporation, the Board is responsible for the integrity of the Corporation's internal control and management information systems and for the Corporation's policies respecting corporate disclosure and communications.

Each member of the Board understands that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances.

Management Supervision by Board

The size of the Corporation is such that all the Corporation's operations are conducted by a small management team which is also represented on the Board. Assuming management's nominees for election at the Meeting are approved by shareholders, the Board considers that management will be effectively supervised by the Independent Directors, being Norman Roderic Baker, Francois Colette, Bertrand Boulle, David Reading and Philip Murphy, as they will be actively and regularly involved in reviewing the operations of the Corporation and will have regular and full access to management. The Independent Directors are able to meet at any time without any members of management being present. Further supervision is performed through the audit committee, which should be comprised of Independent Directors who meet with the Corporation's auditors without management being in attendance, although Al Gourley, who is not an Independent Director, is currently serving on the audit committee.

Participation of Directors in Other Reporting Issuers

The participation of directors in other reporting issuers is described under the heading "Election of Directors".

Nomination and Assessment

The Board determines new nominees to the Board. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing current directors. Proposed director's credentials are reviewed in advance of a Board Meeting with one or more members of the Board prior to the proposed director's nomination. The Board ensures an objective nomination process through the lead role taken by the Board's Independent Directors in recommending and assessing proposed nominees to the Board.

Orientation and Continuing Education

New directors are provided with an information package about the Corporation and are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing Corporation policies.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, including geologists, a metallurgist, finance professionals, and a resource lawyer (who is also a former securities lawyer) having led several financial transactions for Canada and UK listed companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Corporation's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the Corporation's Board.

Advance Notice Policy

In order to encourage an objective nomination process, the Board has adopted a policy for the recruitment of new candidates to the Board (the "**Advance Notice Policy**"). The Advance Notice Policy's purpose is to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors of the Corporation. The Advance Notice Policy establishes a deadline by which holders of record of Common Shares of the Corporation must submit director nominations to the Corporation prior to any annual general or special meeting of Shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of Shareholders. Typically, the President and Chief Executive Officer, the Chair and the Board collaborate in the candidate selection process. When considering potential candidates for the Board, they take into consideration the areas of expertise in which the Board would realize added benefit through diversity of professional experience and knowledge, the appropriate size of the Board and the ratio of independent to non- independent directors. The Advance Notice Policy requires that nominations of persons for election to the Board may only be made:

(a) by or at the direction of the Board, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the Act;

(c) by any person (a "**Nominating Shareholder**"):

(i) who, at the close of business on the date of the giving of the notice provided for in the Advance Notice Policy and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and

(ii) who complies with the notice procedures set forth in the Advance Notice Policy.

Expectations of Management

The Board expects management to operate the business of the Corporation in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Corporation's business plan and to meet performance goals and objectives.

The Board and the CEO have not, to date, developed formal, documented position descriptions for the CEO defining the limits of management's responsibilities. The Board is currently of the view that the respective corporate governance roles of the Board and management, as represented by the CEO, are clear and that the limits to management's responsibility and authority are reasonably well defined. The Board is specifically responsible for approving long-term strategic plans and annual operating plans recommended by management. Board consideration and approval is also required for all material contracts and business transactions and all debt and equity financing proposals. The Board is also responsible for senior executive recruitment and compensation.

Currently the Corporation has no written description for its committee Chair positions. There is an informal understanding as to what the roles and responsibilities of each position are, and the Board delineates those roles and responsibilities as it deems necessary at meetings of the Board.

The Board delegates to management, through the CEO, responsibility for meeting defined corporate objectives which the Board has developed and approved; implementing approved strategic and operating plans; carrying on the Corporation's business in the ordinary course; managing the Corporation's cash flow; evaluating new business opportunities; and recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

Ethical Business Conduct

During the financial year ended June 30, 2005, the Board adopted and implemented policies regarding Corporate Disclosure and Confidentiality of Information, Code of Integrity and Ethics, and Insider Trading, which the Corporation distributed to all of its directors, officers, employees, consultants and contractors. These policies remained in place as of the financial year ended December 31, 2020. The objectives of these policies are summarized as follows:

Corporate Disclosure and Confidentiality of Information Policy:

- to disclose information in a timely, consistent and appropriate manner;
- to protect against and prevent the improper use or disclosure of material and/or confidential information;
- to widely disseminate material information pursuant to all applicable legal requirements;
- to educate "team members" on the appropriate use and disclosure of material and/or confidential information; and
- to foster and facilitate compliance with applicable laws.

Management is responsible for determining whether or not information is material, and if so, the timely disclosure of such material information in accordance with securities laws and overseeing the disclosure controls, procedures, and practices of the Corporation. The CEO and CFO are primarily responsible for monitoring compliance, and for reporting to the Audit Committee on the results of any evaluation of the Policy.

Code of Integrity and Ethics Policy:

This policy states that all directors, officers, employees, consultants, and contractors of the Corporation must:

- adhere to applicable laws and regulations governing the Corporation's business conduct worldwide;
- be honest, fair and trustworthy in all relationships with the Corporation;
- avoid all conflicts of interest between work and personal affairs;
- foster an atmosphere in which fair employment practices extend to every member of the Corporation;
- strive to create a safe workplace and to protect the environment; and
- through leadership at all levels, sustain a culture where ethical conduct is recognized, valued and exemplified by all employees.

The Code of Integrity and Ethics Policy referred to above is available on SEDAR at www.sedar.com.

Insider Trading or Dealing & Stock Tipping Policy

This Policy sets out procedures, guidelines and processes that should be utilized to assist employees, directors and officers in complying with insider trading restrictions. The Policy requests that all officers and directors of the Corporation refrain from trading in the Corporation's securities without first complying with a pre-clearance process. Every director and officer is requested to contact the Corporation's Secretary or CEO prior to trading in the Corporation's securities. The policy states that the Corporation may find it necessary from time to time to require compliance with the pre-clearance process from certain employees, consultants and contractors in addition to directors and officers.

Committee Responsibilities and Activities

The Board has determined that at this stage of the Corporation's development it is not necessary to have additional standing committees other than the Audit Committee.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS

NI 52-110 requires the Corporation, as a Venture Issuer, to disclose annually in its information circular certain information relating to the Corporation's audit committee and its relationship with the Corporation's independent auditors.

Audit Committee's Charter

The Corporation's Audit Committee is governed by its Audit Committee Charter, a copy of which is annexed hereto as **Schedule A**.

The Corporation's Audit Committee

Relevant Education and Experience

The educational background or experience of each of the following members of the Audit Committee has enabled each to perform his responsibilities as an Audit Committee member and has provided the member with an understanding of the accounting principles used by the Corporation to prepare its financial statements, including the ability to assess the general application of such accounting principles in connection with the accounting estimates, accruals and reserves. All members have experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or have experience actively supervising one or more individuals engaged in such activities and all have an understanding of internal controls and financial reporting procedures. The following is a brief summary of some of the qualifications of each Audit Committee Member:

Composition, Education and Experience

The following were members of the Audit Committee during the current reporting year:

Albert C. Gourley	Not Independent	Financially literate [(1)]
Bertrand Boulle	Independent [(1)]	Financially literate [(1)]
Philip Murphy	Independent [(1)]	Financially literate [(1)]

(1) As defined by NI 52-110.

All members of the Audit Committee have a working familiarity with basic finance and accounting practices. For the purposes of the Corporation's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

The Audit Committee members and chair are elected as described above under sub-heading "*The Audit Committee's Charter*", Mr. Boulle is currently Chair of the Audit Committee. The experience and/or education of each member of the Audit Committee, all of whom understand the principles of estimates, accruals and reserves, as well as internal controls and financial reporting, is as follows:

Albert C. Gourley, BBA; LLB, Mr. Gourley is an experienced resource lawyer and has had long involvement in the mining business and as a Board member. He serves as the London, UK, Regional Managing Partner of Fasken Martineau LLP, a leading mining law firm, and is a globally recognized resource lawyer.

Bertrand Boulle, BA Hons; MBA, Mr. Boulle is working and has been working as a Regulated individual within Financial Markets over the last 20 years, during which period he has gained significant experience in internal and external auditing of the companies he has managed as Director, MLRO, Managing Director and Head of Compliance within the EU and in Mauritius.

Philip Murphy, GDE; MSC; Mr. Murphy has 30 years' experience in the mining and mineral sands sectors. He currently serves as a Director of World Titane Holdings Ltd. (WTH). Prior to joining WTH, Mr. Murphy spent 17 years at TZ Minerals International Pty Ltd (TZMI), where he served as Principal Consultant, Executive Director and Managing Director. Mr. Murphy was the CEO and a Director of Zirco Resources from July 2018 to October 2021.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on any of the following exemptions under NI 52-110: (i) exemption in section 2.4 *(De Minimis Non-audit Services)*; (ii) exemption in subsection 6.1.1(4) *(Circumstance Affecting the Business or Operations of the Venture Issuer)*; (iii) exemption in subsection 6.1.1(5) *(Events Outside Control of Member)*; (iv) exemption in subsection 6.1.1(6) *(Death, Incapacity or Resignation)*; or (v) an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. In respect of the most recently completed financial year, the Corporation is relying on the exemption set out in section 6.1 of NI 52-110 from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*).

Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	*Audit Fees*	*Audit-Related Fees*	*Tax Fees*	*All Other Fees*
December 31, 2020	$37,500[(1)]	Nil	$9,500[(1)(2)]	Nil
December 31, 2019	$24,000	Nil	$9,000[(2)]	Nil

(1) The "Audit Fees" (C$37,500) and "Tax Fees" (C$9,500) are the actual amount billed for the financial year, and differ from the provisional amount used on the financial statements.

(2) "Tax Fees" are fees billed by the audit firm for professional services rendered in relation to tax compliance, tax advice and tax planning, which include the Corporation's annual corporate tax and GST computation, as well as declaration for the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

PRESENTATION OF FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended December 31, 2020, the six month period ended December 31, 2019 and the year ended June 30, 2019 and the reports of the auditors thereon will be submitted to the Meeting. Receipt at the Meeting of the auditors' report and the Annual Financial Statements for the Corporation's last completed fiscal period will not constitute approval or disapproval of any matters referred to therein. The Annual Financial Statements and the Annual MD&A are included in the Circular as **Schedules B-1** and **C-1** respectively.

SET NUMBER OF DIRECTORS TO BE ELECTED

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution setting the number of directors to be elected at the Meeting. Currently the number of directors is set at eight (8). At the Meeting, it will be proposed that eight (8) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **In the absence of contrary directions, the Management Designees intend to vote proxies in the accompanying form in favour of the resolution to fix the number of directors to be elected at eight (8).**

ELECTION OF THE BOARD OF DIRECTORS

The Board currently consists of eight (8) directors. The persons named in the form of proxy or voting instruction form intend to vote for the election as directors each of the eight (8) nominees of management whose names are set forth in the table below. The Board has adopted a majority voting policy in order to promote enhanced director accountability. Each Shareholder is entitled to cast their votes for, or withhold their votes from, the election of each director. If the number of shares "withheld" for any nominee exceeds the number of shares voted "for" the nominee, then, notwithstanding that such director was duly elected as a matter of corporate law, he shall tender his written resignation to the Corporation. The Board will consider such offer of resignation and the director's suitability to continue to serve as a Board member after considering, among other things, the stated reasons, if any, why certain shareholders "withheld" votes for the director, the qualifications of the director and whether the director's resignation from the Board would be in the best interests of the Corporation.

These nominees have consented to being named in this Circular and to serve if elected. The Corporation's management does not contemplate that any of the nominees will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly submitted proxies given in favour of such nominee(s) may be voted by the persons whose names are printed in the form of proxy, in their discretion, in favour of another nominee.

The following table and notes thereto state the names of all the persons proposed to be nominated for election as directors, all of the positions and offices with the Corporation now held by them, their present principal occupations or employments for the last five (5) years and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them as of April 29, 2022. The information as to shares beneficially owned has been furnished to the Board by the respective nominees.

The persons below are management's nominees to the Board. Each director elected will hold office until the next annual general meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the Articles of the Company or unless he or she becomes disqualified to act as a director.

Name, Jurisdiction of Residence and Position	*Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years*	*Previous Service as a Director*	*Number of Common Shares beneficially owned, or controlled or directed, directly or indirectly*[(1)]
Sybrand Van Der Spuy ***COO, Director*** Pretoria, Gauteng, South Africa	Independent Business Consultant & Project Manager since 2011; Director of Raphael Fishing Company Ltd; Principal in Goodharbor Consulting (UAE).	Director since May 30, 2014	400,000
John McGloin, CEO, ***President and Director*** England, UK	Director, Perseus Mining Ltd. (2016 to date); Director, Cornish Metals (2020 to date); Director, Oriole Resources (2018 to 2022)[(3)]; Director, Caledonia Mining (2016 to 2022)[(4)]; Founder and Principal, Amphi Capital (2016 to date)	Director since 2022	Nil
Norman Roderic Baker ***Director*** Wells, Somerset, England, United Kingdom	Consulting Geologist, self-employed for the past 25 years.	Director since November 21, 2002	19,200
Al Gourley [(2)], ***Non-Executive Chairman and Director*** London, United Kingdom	Regional Managing Partner, Fasken Martineau LLP (London)	Director since November 7, 2016	2,550,000[(3)]
Francois Colette ***Director*** Monaco	Technical Manager of the Gecamines Kolwezi Group; Engineer consultant for the Boulle Mining Group;	Director since December 12, 2016	Nil
Bertrand Boulle [(2)] ***Director*** Tamarin, Black River, Mauritius	International Stockbroker; Former administrator for De Beers in DRC & Angola and for independent diamond producers in Sierra Leone & Guinea Conakry; Director of various Investment Dealers in the EU; Principal of Investors Europe (Mauritius) Ltd.	Director since December 12, 2016	Nil
Philip Murphy [(2)] ***Director*** Bain Boeuf, Mauritius	Former CEO and director of TZ Minerals International Pty Ltd.; Former CEO and current director of World Titane Holdings Ltd.; Former CEO and director of Zirco Resources Ltd.	Director since April 25, 2018	Nil

David Reading ***Director*** Sevenoaks, Kent, United Kingdom	At present: Special advisor to Roscan Gold Corporation and consulting geologist for various groups; Jan 2018 – April 2020: Special advisor to Continental Gold, CEO and board on all geology and exploration work until sale to Zijin Mining Corporation; 2017: Consulting geologist for HPX and Cordoba Minerals; 2013 – 2017: NED of Cordoba Minerals; 2011-2016: CEO of Aureus Mining until sale to a Turkish Conglomerate.	Director since February 5, 2018	253,000

(1) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at April 29, 2022, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such shares are held directly.

(2) Member of the audit committee.

(3) John McGloin resigned as a director and chairman of the board of Oriole Resources effective February 17, 2022.

(4) John McGloin resigned as a director of Caledonia Mining effective February 28, 2022.

The directors of the Corporation, as a group, currently beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 3,222,200 Common Shares representing 4% of the issued and outstanding Common Shares. If the Transaction is approved, Philip Murphy, Norman Baker and Francois Colette will be resigning from the Board of Directors in favour of the appointment of Brian Kiernan, Leonard Comerford and Carlo Baravalle. Reference is made to the heading "Information Concerning the Resulting Issuer – Directors, Officers and Promoters" for information concerning the composition of the Board of Directors following the completion of the Transaction.

The shareholders are urged to elect Management's nominees as directors of the Corporation.

Cease Trade Orders, Bankruptcies, and Penalties or Sanctions

Corporate Cease Trade Orders

To the knowledge of the Corporation, no director or proposed director of the Corporation is, as at the date of this Circular, or has been in the last ten (10) years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that while that person was acting in that capacity,

a. was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

b. was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of subsections (a) and (b) above, "order" means (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days.

Bankruptcies

To the knowledge of the Corporation, no director or proposed director of the Corporation:

a. is, as at the date of this Circular, or has been within the ten (10) years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b. has, within ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or proposed director.

Penalties or Sanctions

To the knowledge of the Corporation, none of the directors or proposed directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflict of Interest

To the best of the Corporation's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Corporation, its promoters, directors, officers or other members of management of the Corporation except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a director, officer, promoter or management of the Corporation.

The directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the appointment of Davidson & Company LLP**,** Chartered Professional Accountants, of Vancouver, B.C., as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix the auditors' remuneration.

On the representations of the said auditors, neither that firm nor any of its partners has any direct financial interest nor any material indirect financial interest in the Corporation or any of its subsidiaries nor has had any connection during the past three years with the Corporation or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

The shareholders are urged by Management to appoint Davidson & Company LLP, Chartered Professional Accountants, as the Corporation's auditors and to authorize the Board of Directors to fix their remuneration.

APPROVAL OF AMENDMENT TO FIXED (LESS THAN 10%) STOCK OPTION PLAN

On June 14, 2013 the Board of Directors of the Corporation adopted a fixed Stock Option Plan (the "**Fixed Plan**"), pursuant to which the Corporation had reserved 7,641,900 pre-consolidated common shares for issuance, which was less than 10% of the Corporation's issued share capital at the time of implementing the Fixed Plan. The Fixed Plan was accepted by the TSXV on June 27, 2013. On September 8, 2014, the Board of Directors approved minor amendments to the Fixed Plan, which amendments were approved by the TSXV on September 25, 2014. Following the 5:1 consolidation effected September 22, 2016, the Fixed Plan reserved 1,528,380 post-consolidated shares for issuance. On December 12, 2016, the shareholders approved an amendment to the Fixed Plan to increase the number of shares issuable under the Fixed Plan to 4,700,000. Currently 6,789,000 shares are reserved for issuance, being less than 10% of the Corporation's **80,262,329** issued and outstanding shares.

In accordance with policies of the TSXV, shareholder approval is not required for stock option plans reserving less than 10% of a Corporation's issued share capital. However, as a courtesy, shareholders are being asked at this Meeting to approve an increase from 6,789,000 shares to **8,000,000** shares being reserved for issuance under the Fixed Plan, which will remain less than 10% of the Corporation's current **80,262,329** issued and outstanding shares.

Accordingly Shareholders are asked at this Meeting to pass a resolution in the following form:

"UPON MOTION IT WAS RESOLVED that the Corporation's Fixed (less than 10%) Stock Option Plan, pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Corporation and its subsidiaries be increased from 6,789,000 shares to a maximum of **8,000,000** shares, with a maximum of 5% of the Corporation's issued and outstanding shares being reserved to any one person on a yearly basis, be and is hereby approved."

The full text of the Fixed Plan is available for viewing up to the date of the Meeting at the Corporation's offices at Suite 303, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, and will also be available for review at the Meeting.

Reference is made to the heading "Approval of Transaction" relating to the proposed increase to the number of shares issuable under the Fixed Plan to **17,800,000** shares after giving effect to the Transaction.

Management urges shareholders to approve the Amendment to the DFR Stock Option Plan.

APPROVAL OF THE TRANSACTION

Approval of the Transaction

At the Meeting, the DFR Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, the Transaction Resolution, the full text of which is set out below, to approve the Transaction. For a description of the Transaction see "Description of the Transaction".

The DFR Board has concluded that the Transaction is in the best interests of DFR and the DFR Shareholders. Accordingly, the DFR Board recommends that the Shareholders vote IN FAVOUR of the Transaction Resolution. The management representatives named in the attached form of proxy intend to vote the DFR Shares, represented by such proxy, IN FAVOUR of the approval of the Transaction Resolution unless a Shareholder specifies in the proxy that their DFR Shares are to be voted against the approval of the Transaction Resolution.

For details of the factors considered by the DFR Board in reaching the conclusion that the Transaction is in the best interests of DFR and is fair from a financial point of view to the DFR Shareholders, see pages 45 to 47 under the headings "Description of the Transaction – Reasons for the Transaction" and "Description of the Transaction – Recommendation of the DFR Board", respectively.

Recommendation of the DFR Board

The DFR Board has reviewed and considered all material facts relating to the Transaction which it has considered to be relevant to DFR Shareholders. **It is the unanimous recommendation of the DFR Board that DFR Shareholders vote for the Transaction Resolution.**

The Transaction Resolution must be passed by a majority of the votes cast by DFR Shareholders represented at the Meeting in person or by proxy. For the purposes of approval of the Transaction Resolution, Spirit has an interest in the Transaction and will abstain from voting in respect of the Transaction Resolution. Also, as a matter of best corporate practice, Al Gourley, a director and shareholder of the Corporation, is also a director, shareholder and option holder of Moydow and will abstain from voting in respect of the Transaction Resolution. David Reading, a director and shareholder of the Corporation, is a consultant to and an option holder of Moydow and will abstain from voting in respect of the Transaction Resolution. In addition, Minerex is a shareholder of the Corporation and also a shareholder of Moydow and a company in which Kiernan has a 13% interest and will abstain from voting in respect of the Transaction Resolution. Reference is made to the heading "Description of the Transaction – Interests of Certain Persons in the Transaction" for further particulars of the interests of certain persons in the Transaction. In addition, the 700,000 DFR shares acquired by Brian Kiernan in March 2022 will be excluded from voting on the Transaction Resolution. Reference is made to the heading "Description of the Transaction – The New Control Person" for further particulars. A total of 70,164,990 DFR Shares comprising 64,161,990 DFR Shares held by Spirit, 2,550,000 DFR Shares held by Al Gourley, 253,000 DFR Shares held by David Reading, 2,500,000 DFR Shares held by Minerex and 700,000 DFR Shares held by Kiernan will be excluded from voting on the Transaction Resolution.

The DFR Shareholders will be asked to vote on the following Transaction Resolution at the Meeting or any adjournment or postponement thereof.

"**BE IT RESOLVED** that:

1. the Transaction as set out in the Management Information Circular dated April 29, 2022 (the "**Circular**") of Diamond Fields Resources Inc. ("**DFR**") relating to the acquisition of an 80% interest in Moydow Holdings Ltd. and a 50% interest in Maniger in consideration for the issuance of 71,880,320 DFR Shares, the financing of DFR pursuant to the Founder Subscription Agreements to acquire 6,160,073 DFR Shares in consideration for the investment of US$1,336,736, the New Financing of DFR pursuant to the New Financing Subscription Agreements to acquire 19,891,375 DFR Shares in consideration for the investment of US$3,132,500, the ongoing exploration and development of the Labola Gold Project and the Other Moydow Properties pursuant to the terms of the Go-Forward Agreement and the resulting New Control Person in DFR, as such capitalized terms are defined and described in the Circular (collectively, the "**Transaction**") is hereby authorized and approved;

2. the execution and delivery by DFR of the Kiernan Exchange Agreement, the Go-Forward Agreement, the Minority Share Exchange Agreements, the Moydow Options Exchange Agreements, the Founder Subscription Agreements and the New Financing Subscription Agreements are hereby ratified, authorized and approved;

3. the number of DFR Shares fixed under the DFR Stock Option Plan be increased from 6,789,000 to **17,800,000**; and

4. any officer or director of DFR is hereby authorized and directed for and on behalf of and in the name of DFR to execute, under the seal of DFR or otherwise, and to deliver, all documents, agreements and instruments and to do all such other acts and things, as such officer or director, in his absolute discretion, determines to be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments or doing of any such act or thing."

It is the intention of the persons named in the enclosed form of proxy, in the absence of instructions to the contrary, to vote the proxy FOR the Transaction Resolution.

INSIDER DEBT SETTLEMENTS

On March 11, 2022, the Corporation issued a press release announcing its intention to settle US$87,500 of debt owed to John McGloin, President, CEO and a director of the Corporation, (the "**CEO Debt**") for management fees and US$30,000 owed to Jean Charles, CFO of the Corporation, (the "**CFO Debt**") for management fees and office expenses. The CEO Debt represents management fees for the period from January 1, 2022 to March 31, 2022 which is to be settled for the issuance of 555,625 DFR Shares priced at $0.20 per share. The CFO Debt represents management fees and office expenses for the period from January 1, 2022 to March 31, 2022 which is to be settled for the issuance of 190,500 DFR Shares priced at $0.20 per share. The CEO Debt and the CFO Debt aggregating US$117,500 is to be settled for an aggregate of 746,125 DFR Shares (collectively the "**Insider Debt Settlements**"). The Insider Debt Settlements are subject to TSXV and disinterested shareholder approval. The Corporation entered into debt settlement agreements with John McGloin and Jean Charles on March 11, 2022.

The closing of the Insider Debt Settlements is conditional upon receipt of final approval from the TSXV and fulfilling the terms and conditions of the debt settlement agreements which is standard for transactions of this nature. The Corporation is of the opinion that approving the Insider Debt Settlements is in the best interests of the Corporation. The Insider Debt Settlements have been approved by the Independent Directors of the Corporation. The Insider Debt Settlements will reduce the outstanding liabilities of the Corporation and increase working capital for the Corporation. John McGloin (as to US$12,500) and Jean Charles (as to US$70,000) have subscribed for an aggregate of US$82,500 of the New Financing pursuant to New Financing Subscription Agreements.

The following table sets out the share positions of John McGloin and Jean Charles both before and after giving effect to the proposed Insider Debt Settlements:

Name of Insider	**Number of Common Shares Currently Owned or Controlled**	**Percentage of Current Outstanding Capital[(1)]**	**Number of Common Shares to be Issued for Insider Debt Settlement**	**Number of Common Shares Owned or Controlled After Completion of the Debt Settlement[(2)]**	**Percentage of Outstanding Capital After Giving Effect to the Debt Settlement[(2)]**
John McGloin	nil	0%	555,625	635,000	0.35%
Jean Charles	749,849	0.93%	190,500	1,384,849	0.77%
Total	749,849	0.93%	746,125	2,019,849	1.12%

Note:

(1) Based on 80,262,329 DFR Shares currently issued and outstanding.

(2) Based on 178,940,222 DFR Shares outstanding after giving effect to the Debt Settlements and the Transaction and including the New Financing subscriptions by John McGloin and Jean Charles.

The resolution approving the Insider Debt Settlements must be approved by a majority of the disinterested shareholders of the Corporation. For the purposes of this resolution, disinterested shareholders means all shareholders of the Corporation other than John McGloin and Jean Charles and their associates and affiliates. As of the date of this Circular, a total of 749,849 DFR Shares will be excluded from voting.

It is proposed that shareholders approve the following resolution:

"BE IT RESOLVED THAT:

1. the insider debt settlements described in the Management Information Circular dated April 29, 2022 (the "**Circular**") be approved and that the Corporation be authorized to issue 555,625 DFR Shares priced at $0.20 per share to settle a debt of US$87,500 owed to John McGloin and 190,500 DFR Shares priced at $0.20 per share to settle a debt of US$30,000 owed to Jean Charles; and

2. any one director or officer of the Corporation be and he is hereby authorized and directed to do all such acts and things to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

Management urges shareholders to approve the Insider Debt Settlements.

DESCRIPTION OF THE TRANSACTION

DFR, Kiernan and Panthera have entered into the Material Agreements and DFR has entered into the Additional Transaction Agreements pursuant to which DFR will acquire an 80% interest in Moydow and an indirect right to an 80% controlling stake in the Labola Gold Project and will raise US$4,469,236 to have sufficient funds to complete the first phase of the Labola exploration programme.

The following are the principal elements of the Transaction:

THE ACQUISITION OF MOYDOW

Moydow is a privately owned, BVI registered, West African focused gold exploration business, which was formed in 2019. It acquired its interest in the Labola Gold Project and the Kalaka Project from AIM-listed Panthera in 2020 and 2021, respectively. Moydow is controlled by Brian Kiernan, its founding shareholder, who holds 3,350,000 Moydow Shares. Panthera currently holds 3,000,000 Moydow Shares. DFR has entered into the Kiernan Exchange Agreement to acquire 3,350,000 Moydow Shares from Kiernan in exchange for 55,141,000 DFR Shares and has entered into the Minority Share Exchange Agreements to acquire a further 800,000 Moydow Shares from the minority shareholders of Moydow in consideration for the issuance of 13,168,000 DFR Shares. In addition, DFR has entered into the Moydow Options Exchange Agreement to acquire the Moydow Options in consideration of the issuance of 3,571,320 DFR Shares. An aggregate of 71,880,320 DFR Shares shall be issued in consideration for all of the issued and outstanding securities of Moydow other than the 3,000,000 Moydow Shares held by Panthera. Pursuant to the terms of the Go-Forward Agreement, the interest of Panthera in Moydow will be restructured such that Panthera acquires an indirect interest in the Kalaka Property and the Nigerian Properties through Maniger and on Closing will hold a 20% interest in Moydow with DFR holding an 80% interest. Reference is made to the subheading "The Go-Forward Agreement" below.

Moydow's flagship asset is the Labola Gold Exploration Project, which is located in the Banfora Greenstone Belt of the West African Birimian Supergroup in Southwest Burkina Faso. Moydow currently holds an exclusive option until May 27, 2024 to purchase 100% of the license holders' interest in the Labola Gold Project for the payment of US$1,000,000. An additional payment of US$1,000,000 would be made to the license holder upon the successful definition and reporting of a resource of at least 1,000,000 ounces of gold (under JORC guidelines). In addition, the license holder will retain a 1% net smelter return royalty ("**Labola NSR**") on all gold produced up to a total aggregate payment pursuant to the Labola NSR of US$2,000,000. In addition, Moydow executed an Exploration Data Data Purchase Agreement with Nord Gold to purchase all of their historic data relating to the Labola Gold Project in consideration for a 0.5% NSR capped at US$3,000,000. Reference is made to the headings "Information Concerning Moydow – The Labola Gold Project" and "Information Concerning Moydow – Property Agreements – Exploration Data Purchase Agreement".

In addition to the Labola Gold Project, on March 11, 2022 DFR announced that Moydow had entered into the WUO Land 2 Option Agreement to purchase the WUO Land 2 Property, a grass-roots exploration property contiguous to the Labola Gold Project. In consideration for the payment of US$200,000, Moydow shall have the exclusive right to

exercise the option by making 2 payments of US$150,000 each, 12 months and 18 months following the closing of the WUO Land 2 Option Agreement. In addition, the license holder will retain a 1% net smelter return royalty ("**WL 2 NSR**") on all gold produced up to a total aggregate payment pursuant to the WL 2 NSR of US$2,000,000. Reference is made to the heading "Information Concerning Moydow – Property Agreements – WUO Land 2 Option Agreement"

The Kiernan Exchange Agreement

Pursuant to an agreement dated August 24, 2021 between DFR and Kiernan, Kiernan agreed to exchange his 3,350,000 Moydow Shares at the Exchange Ratio for 55,141,000 DFR Shares. As the largest shareholder of Moydow, Kiernan provided standard representations and warranties with respect to the business and affairs of Moydow. The closing of the Kiernan Exchange Agreement is subject to satisfaction of the conditions under the Go-Forward Agreement.

Pursuant to the terms of the Kiernan Exchange Agreement, Kiernan will be appointed as a director and Chairman of DFR. As long as Kiernan beneficially owns, directly or indirectly more than 25% of the issued and outstanding DFR Shares, he will be entitled to a total of two (2) nominees on the DFR board of directors. If Kiernan beneficially owns directly or indirectly at least 10% but less than 25% of the issued and outstanding DFR Shares, he will only be entitled to one (1) nominee on the board of directors. The 55,141,000 DFR Shares to be received by Kiernan pursuant to the Kiernan Exchange Agreement will be subject to a 30-month hold period from the time of Closing of the Transaction during which time they cannot be sold, transferred, pledged, assigned or disposed of.

Upon Closing, Kiernan would be a New Control Party of DFR, and in addition to other shareholder approval, a majority of the shareholders entitled to vote at the meeting will be required to approve Brian Kiernan as a New Control Party.

The Minority Share Exchange Agreements

Pursuant to the Minority Share Exchange Agreements between DFR and 12 minority shareholders of Moydow, DFR agreed to acquire an aggregate of 800,000 Moydow Shares at the Exchange Ratio in consideration for the issuance of 13,168,000 DFR Shares. The closing of the Minority Share Exchange Agreements is conditional upon all conditions in the Kiernan Exchange Agreement being satisfied or waived. As noted above, the Kiernan Exchange Agreement is conditional upon the conditions of the Go-Forward Agreement being satisfied. Al Gourley, Chairman, Director and a Shareholder of DFR holds 100,000 Moydow Shares which will be exchanged for 1,646,000 DFR Shares. Spirit holds 100,000 Moydow Shares which will be exchanged for 1,646,000 DFR Shares. Neither Al Gourley nor Spirit will be entitled to vote on the Transaction Resolution as a result of their interests in DFR and their interests in Moydow. Minerex Drilling Contractors Ltd. ("**Minerex**") holds 200,000 Moydow Shares which will be exchanged for 3,292,000 DFR Shares. Brian Kiernan has a 13% interest in Minerex and is a director and chairman of Minerex and Minerex is a shareholder of DFR holding 2,500,000 DFR Shares representing 3.1% of the current issued and outstanding capital of DFR. In addition, Minerex is also a party to a New Financing Subscription Agreement and has agreed to subscribe for US$550,000 of the New Financing in consideration for 3,492,500 DFR Shares. In spite of the fact that that Kiernan does not control Minerex, and Minerex is not a related party to DFR, Minerex will not be entitled to vote on the Transaction Resolution (reference is made to the heading "The Financings – The New Financing" below). Len Comerford, a proposed director of the Resulting Issuer, holds 83,000 Moydow Shares which will be exchanged for 1,366,180 DFR Shares and he is also a party to a New Financing Subscription Agreement and has agreed to subscribe for US$100,000 of the New Financing in consideration for 635,000 DFR Shares (reference is made to the heading "The Financings – The New Financing" below). Mr. Comerford is a Shareholder of DFR holding 1,362,496 DFR Shares. Due to his minor interest in each of DFR and Moydow, Mr. Comerford is not a related party to DFR and will be entitled to vote on the Transaction Resolution.

The Moydow Options Exchange Agreements

Pursuant to the Moydow Option Exchange Agreements dated August 24, 2021, as amended April 26, 2022, DFR has agreed to acquire an aggregate of 400,000 Moydow Options in consideration for the issuance of 3,571,320 DFR Shares. The Moydow Options are exercisable at US$1.00 per Moydow Share. If the Moydow Options were exercised, the resulting 400,000 Moydow Shares to be acquired at the Exchange Ratio would require the issuance of 6,584,000 DFR Shares. DFR therefore agreed to acquire the Options for an aggregate of 3,571,320 DFR Shares. Al Gourley

holds 100,000 Moydow Options for which he will receive 892,830 DFR Shares. Al Gourley will not be entitled to vote on the Transaction Resolution. David Reading, a director and QP for DFR and a consultant to Moydow, holds 100,000 Moydow Options for which he will receive 892,830 DFR Shares. As a result of his position as a director of DFR and an option holder of Moydow, his 400,000 DFR Shares will be excluded from voting on the Transaction Resolution.

THE FINANCINGS

The Transaction includes a total equity financing package of US$4,469,236.

The Founder Subscription Agreements

Pursuant to the Founder Subscription Agreements dated August 24, 2021, Spirit subscribed for 2,012,607 DFR Shares at US$0.217 per share for aggregate proceeds of US$436,736 and Brian Kiernan subscribed for 4,147,465 DFR Shares at US$0.217 per share for aggregate proceeds of US$900,000. The Founder Subscription Agreements are subject to approval by the Board of DFR and TSXV approval and that no order ceasing or suspending trading in the DFR Shares shall have been issued.

The New Financing

Pursuant to a press release dated March 11, 2022, the Corporation announced that it would be raising an additional US$3,132,500 through the issuance of 19,891,375 DFR Shares priced at $0.20 per DFR Share to provide the Corporation with sufficient funding to complete the initial exploration program on the Labola Gold Project and to provide the Corporation with sufficient working capital to December 31, 2022. Six insiders of the Corporation being Spirit, the controlling shareholder of the Corporation, as to US$500,000; David Reading, a director of the Corporation, as to US$50,000; Bertrand Boulle, a director of the Corporation, as to US$25,000; Al Gourley, the Chairman of the Corporation, as to US$25,000; John McGloin, President, CEO and a director of the Corporation, as to US$12,500; and Jean Charles, CFO, as to US$70,000, will be subscribing for an aggregate of US$682,500 of the New Financing in consideration for the issuance of 4,333,875 DFR Shares. Existing shareholders of the Corporation being Minerex, as to US$550,000; Len Comerford, as to US$100,000; and a third existing shareholder, as to US$50,000, will be subscribing for an aggregate of US$700,000 of the New Financing in consideration for the issuance of 4,445,000 DFR Shares. Kiernan as to US$1,000,000 and seven new investors, as to US$750,000, will be subscribing for an aggregate of US$1,750,000 of the New Financing in consideration for the issuance of 11,112,500 DFR Shares. The insider subscriptions are exempt from the provisions of MI 61-101.

THE NEW CONTROL PERSON

As a result of the issuance of DFR Shares to Kiernan pursuant to the Kiernan Exchange Agreement (55,141,000 DFR Shares), the Founder Subscription Agreement with Kiernan (4,147,465 DFR Shares) and the New Financing Subscription Agreement with Kiernan (6,350,000 DFR Shares), Kiernan will acquire 65,638,465 DFR shares. In addition, in March of 2022 Kiernan acquired from a director of the Corporation and currently holds 700,000 DFR shares (which shares will be excluded from voting on the Transaction). As a result, Kiernan will hold 66,338,465 DFR Shares representing approximately 37.1% of the Resulting Issuer Shares after giving effect to the Transaction and will be a new control person ("**New Control Person**") of DFR. Pursuant to the rules of the TSXV, a Control Person is defined as a party holding 20% or more of the shares of an issuer. The TSXV requires shareholder approval to a New Control Person.

Pursuant to the terms of the Kiernan Exchange Agreement, Kiernan will be appointed as a director and Chairman of DFR. As long as Kiernan beneficially owns, directly or indirectly more than 25% of the issued and outstanding DFR Shares, he will be entitled to a total of two (2) nominees on the DFR board of directors. If Kiernan beneficially owns directly or indirectly at least 10% but less than 25% of the issued and outstanding DFR Shares, he will only be entitled to one (1) nominee on the board of directors. The 55,141,000 DFR Shares to be received by Kiernan pursuant to the Kiernan Exchange Agreement will be subject to a 30-month hold period from the time of Closing of the Transaction during which time they cannot be sold, transferred, pledged, assigned or disposed of.

THE GO-FORWARD AGREEMENT

Pursuant to the agreement dated August 24, 2021 as amended April 26, 2022 between DFR and Panthera, the parties set out the terms pursuant to which the further exploration and development of the properties of Moydow would be governed. The Go-Forward Agreement is conditional upon TSXV approval, the exchange of the Moydow Shares and Moydow Options held by the shareholders and optionholders of Moydow, other than Panthera, for DFR Shares in accordance with the terms of the Kiernan Exchange Agreement, the Minority Share Exchange Agreements and the Moydow Options Exchange Agreements as well as certain conditions relating to the restructuring of Moydow. Panthera will exchange 500,000 Moydow Shares for a 50% interest in Maniger, among other technical steps required, so that on Closing, Panthera will hold a direct 20% interest in Moydow which will hold the option on the Labola Gold Project and the option on the WUO land 2 Property and a direct 50% interest in Maniger which will hold the interest in the Kalaka Property and the Nigerian Properties.

On Closing, DFR and Panthera will enter into a shareholders' agreement with Moydow (the "**Moydow JV**") that will function as a joint venture agreement with respect to the further exploration and development of the Labola Gold Project and the WUO Land 2 Property. In addition, on Closing DFR and Panthera will enter into a shareholders' agreement with Maniger (the "**Maniger JV**") with respect to the further exploration and development of the Other Moydow Properties. Panthera will be the operator of the Maniger JV with respect to exploration programs for the Other Moydow Properties. Pursuant to an amendment to the Go-Forward Agreement dated April 26, 2022, the date upon which all closing conditions had to be satisfied was extended to June 30, 2022 (the "**End Date**"). All conditions to the transaction must be satisfied by the End Date. Upon DFR being satisfied that all conditions under the Go-Forward Agreement have been satisfied or waived, DFR shall give notice to Panthera of its intent to close the Transaction on a business day not more than ten (10) business days from the date of such notice (the "**Closing Date**").

Pursuant to the terms of the Moydow JV, DFR will be the operator and will be vested with an 80% effective interest in the Labola Gold Project and the WUO Land 2 Property with Panthera holding a 20% carried interest. DFR will be required to invest US$18,000,000 in the Labola Gold Project by September 30, 2026 in order to maintain its 80% interest. If DFR invests US$18,000,000 and Panthera does not exercise its buy-back right, the parties will proceed with a joint-venture requiring DFR to contribute 80% and Panthera to contribute 20% of all future expenditures on the Labola Gold Project to maintain their interests, subject to standard dilution for failure to contribute. If DFR does not invest US$18,000,000 by September 30, 2026, its interest will be adjusted based upon its actual expenditures but in any event shall not be less than US$10,800,000 in deemed expenditures for a minimum 60% interest with Panthera holding a 40% interest subject to adjustments based upon expenditures made by DFR in excess of US$10,800,000. The parties will then proceed with a joint-venture requiring DFR to contribute 60% and Panthera to contribute 40% of all future expenditures on the Labola Gold Project to maintain their interests, subject to standard dilution for failure to contribute.

Panthera has the right to acquire an additional 10% interest in the Labola Gold Project on the earlier of (i) 90 days following DFR completing an investment of US$18,000,000 in the Labola Gold Project; or (ii) September 30, 2026, by making a payment to DFR of up to US$7,200,000 (in the event that DFR has expended US$18,000,000) or proportionately adjusted downward based upon the actual expenditures on the Labola Gold Project made by DFR up to September 30, 2026. If DFR expends US$18,000,000 and Panthera exercises its back-in right through the payment of US$7,200,000 to DFR, DFR will hold a 70% interest and Panthera will hold a 30% interest in the Labola Gold Project and the parties will proceed with a joint venture with DFR contributing 70% of all future expenditures and Panthera contributing 30% of all future expenditures to maintain their respective interests subject to standard dilution for non-contribution by either party.

REASONS FOR THE TRANSACTION

Considerations of the DFR Board

In the course of their evaluation of the Moydow Acquisition by DFR pursuant to the Transaction, the DFR Independent Directors consulted with DFR's senior management and legal counsel and reviewed an extensive amount of information. The conclusions and recommendations of the DFR Independent Directors and the DFR Board are based upon the following factors, among others:

- The deal secures a database of historical work including 63,000m of diamond and RC drilling. This database alongside recent drilling has defined an indicated resource of 264,000 oz of gold and an inferred resource of 371,000 oz of gold and identified a significant corridor of mineralisation.
- The deal brings in a successful management team with a track record of discovery in West Africa. The team have also seen corporate success at crystalizing value from discovery.
- DFR Shareholders will benefit from the funding available to DFR pursuant to the Transaction including approximately US$4,469,236 for working capital and to complete the first phase exploration program on the Labola Gold Project;
- the price of US$0.217 for the Founder Subscription Agreements represents a 50% premium to the closing price of the DFR Shares on August 24, 2021;
- Cash from New Financing amounting to US$3,132,500 at a price of $0.20 per share is at a premium to the closing price on August 24, 2021 and will be used to clear all the outstanding payables of the Corporation, have sufficient working capital to meet the Corporation's obligations and continue progress on its other assets including Beravina;
- DFR Shareholders will be able to participate, as shareholders of the Resulting Issuer, in the further exploration and possible development of the Resulting Issuer Labola Gold Project;
- enhanced market liquidity as a result of a significantly larger market capitalization; and
- the Resulting Issuer, assuming completion of the Transaction, will be a well-financed company with a significant exploration and development land package in Africa.

RECOMMENDATION OF THE DFR BOARD

The DFR Independent Directors have considered the proposed Transaction on the terms and conditions as provided in the Transaction Agreements and have unanimously concluded that the Transaction is in the best interests of the Corporation and fair, from a financial point of view, to the shareholders of DFR. The DFR Non-Independent Directors have considered the proposed Transaction on the terms and conditions as provided in the Transaction Agreements and have unanimously concluded that the Transaction is in the best interests of the Corporation and fair, from a financial point of view, to the shareholders of DFR. **The DFR Board unanimously recommends that the DFR Shareholders vote in favour of the Transaction.**

The DFR Board believes that the Transaction would provide a number of benefits to DFR Shareholders, including:

1. a strong management team;

2. enhanced market liquidity as a result of a significantly larger market capitalization and an expanded shareholder base providing greater access to capital;

3. the Corporation will have adequate funding to carry out the first phase exploration program on its property portfolio over the next year; and

4. the Transaction leads to the transformation of the Corporation to a well-funded, resource company with management experience in both exploration and capital markets.

In arriving at its conclusion and recommendations, the DFR Board considered, among other matters, the following:

1. information with respect to the financial condition, business and operations, on both a historical and prospective basis, of DFR, including information in respect of the Resulting Issuer on a proforma consolidated basis;

2. the relative values of DFR and Moydow;

3. the historical issue price of securities for DFR and the recent trading price of the securities of DFR;

4. the risks associated with the Transaction and the alternatives available to DFR;

5. current industry, economic and market conditions and trends; and

6. the management group and technical team of the Resulting Issuer after the Transaction.

The DFR Board considered the interests of the DFR Non-Independent Directors in the Moydow Acquisition when considering the Transaction as a whole. While the DFR Non-Independent Directors actively participated in discussions with respect to the Transaction, the decision of the DFR Board to approve the Transaction was made by the DFR Independent Directors with the DFR Non-Independent Directors declaring their interests in respect of the Moydow Acquisition and abstaining from voting in respect of the approval of the Transaction by the DFR Board.

The DFR Board also identified and considered disadvantages associated with the Transaction, including that the DFR Shareholders after the Transaction will be subject to:

1. the substantial dilution of the interests of DFR Shareholders in the Resulting Issuer after the Transaction which is partially offset by the increased financial strength of the Resulting Issuer relative to DFR 's current financial position; and

2. the risks to DFR if the Transaction is not completed, including the costs incurred in pursuing the Transaction, the diverting of significant management attention away from the conduct of DFR's business, and the uncertainty that current and prospective DFR employees may experience concerning their future roles with DFR following the failure to complete the Transaction, which may adversely affect DFR 's ability to attract or retain key management and other personnel.

The foregoing summary of the information and factors considered by the DFR Board is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Transaction, the DFR Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. After consideration of all of the above-noted factors and in light of the DFR Board's collective knowledge of the business, financial condition and prospects of DFR and the advice of financial, legal and technical advisors to DFR, the DFR Board considered that the Transaction and the terms of the Transaction, overall, represent a reasonable business risk for DFR. In addition, individual members of the DFR Board may have assigned different weights to different factors. See "Risk Factors – Risk Factors Associated with the Transaction". The DFR Board's recommendation also involves forward-looking information and is subject to the inherent risks and assumptions associated with forward-looking statements. See "Cautionary Statements Regarding Forward-Looking Information" on page 8.

TRANSACTION AGREEMENTS

Except for the Transaction Agreements' status as contractual documents that establish and govern the legal relations among the parties thereto with respect to the Transaction, the text is not intended to be, and should not be interpreted as, a source of factual, business or operational information about DFR. The Transaction Agreements contain representations, warranties and covenants that are qualified and limited, including by information disclosed to DFR in connection with the execution of the Transaction Agreements and certain information disclosed in public filings with Canadian securities regulatory authorities. Representations and warranties may be used as a tool to allocate risks between the respective parties to the Transaction Agreements, including where the parties do not have complete knowledge of all facts, instead of establishing such matters as facts. Furthermore, the representations and warranties may be subject to standards of materiality that differ from what may be viewed as material to Shareholders. These representations may or may not have been accurate as of any specific date and do not purport to be accurate as of the date of this Circular. Shareholders may not directly enforce or rely upon the terms and conditions of the Transaction Agreements but should consider all information disclosed by DFR in their public filings with Canadian securities regulatory authorities.

CONDITIONS

Completion of the Transaction and the transactions contemplated by the Transaction Agreements is subject to, among other things:

- all consents and approvals to the Transaction having been obtained, including approval of the DFR Shareholders, and approval of the TSXV;
- the exchange of the Moydow Shares and Moydow Options held by the shareholders and optionholders of Moydow, other than Panthera, for DFR Shares in accordance with the terms of the Kiernan Exchange Agreement, the Minority Share Exchange Agreements and the Moydow Options Exchange Agreements;
- the exchange of 500,000 Moydow shares by Panthera for a 50% interest in Maniger, among other restructuring issues;
- the representations and warranties in the Transaction Agreements made by Kiernan, Panthera, the minority shareholders of Moydow and by holders of Moydow Options to DFR and by DFR to the other parties to the Transaction Agreements shall be true and correct as of the **Effective Date** in all material respects; and
- a material adverse change shall not have occurred for DFR or for Moydow.

COVENANTS

Pursuant to the Go-Forward Agreement, DFR and Panthera have agreed not to take any action in support of any transaction in competition with the Transaction, to take no action to support any change of any of the terms and conditions of the employment of any persons employed or contracted to work for Moydow or any of its subsidiaries, without the prior consent of the other party, to not procure any use of funds held by Moydow or any expenditure save as to exploration programs that have been previously approved by the Moydow board of directors and to not take any action to conduct the business of Moydow other than in the ordinary and proper course of business consistent with the business and operations since December 31, 2020. Pursuant to the terms of the Kiernan Exchange Agreement, Kiernan has covenanted to cause the business of Moydow to be conducted in the ordinary and proper course generally consistent with the manner conducted since December 31, 2020 and to comply with all provisions of the Go-Forward Agreement. DFR has covenanted with Kiernan to use reasonable efforts to conduct the business of DFR in the ordinary course in a manner consistent with the operations of DFR since December 31, 2020 and to use reasonable efforts to cause the conditions in the Go-Forward Agreement to be met.

TERMINATION OF TRANSACTION AGREEMENTS

The Transaction Agreements may be terminated by the mutual written agreement of the parties, or:

- if the conditions in the Go-Forward Agreement have not been satisfied by the **End Date**; or
- by DFR if Panthera has materially breached any of the provisions of the Go-Forward Agreement; or
- by Panthera if DFR has materially breached any of the provisions of the Go-Forward Agreement; or
- if the Transaction has not been completed by the earlier of not more than 10 business days after DFR is satisfied that all conditions to the Go-Forward Agreement have been satisfied and DFR has delivered notice to Panthera of its intention to close the Transaction (the "**Closing**") not more than 10 business days from the date of such Notice (the "**Closing Date**"); and 10 business days after the End Date.

EFFECT OF THE TRANSACTION

As a result of the Transaction:

- DFR will acquire an 80% interest in Moydow and the Labola Gold Project, subject to the terms of the Labola Option Agreement and the Moydow JV, and will be in a position to fund the further exploration and development of the Resulting Issuer Labola Gold Project.
- DFR will acquire a 50% interest in Maniger which will in turn hold an 80% interest in the Kalaka Property and a 51% interest in the Nigerian Properties.
- DFR will receive an aggregate of approximately US$4,469,236 in funding.
- Kiernan will become a New Control Person of DFR.

Reference is made to the heading "Information Concerning the Resulting Issuer".

OFFICERS AND DIRECTORS

In connection with the Closing, the officers and directors of DFR are expected to change such that, upon completion of the Transaction, the directors and officers of the Resulting Issuer will be as follows:

Brian Kiernan, Non-Executive Director and Chairman
John McGloin, CEO, President and Director
Sybrand Van Der Spuy, COO and Director
Carlo Baravalle, Non-Executive Director
Bertrand Boulle, Non-Executive Director
Len Comerford, Non-Executive Director
Al Gourley, Non-Executive Director
David Reading, Non-Executive Director
Jean Lindberg Charles, CFO and Secretary

INTERESTS OF CERTAIN PERSONS IN THE TRANSACTION

In considering the recommendation of the DFR Board with respect to the Transaction, DFR Shareholders should be aware that certain members of the DFR Board and DFR's management have interests in connection with the Transaction that may create actual or potential conflicts of interest in connection with the Transaction. These include the interests of Al Gourley, a director and shareholder of DFR, who is also a director of Moydow and a holder of 100,000 Moydow Shares and 100,000 Moydow Options and a party to a Minority Share Exchange Agreement and a Moydow Options Exchange Agreement, is also a party to a New Financing Subscription Agreement and has agreed to subscribe for US$25,000 of the New Financing in consideration for 158,750 DFR Shares; David Reading, a director and shareholder of DFR, who is also a consultant to Moydow and a holder of 100,000 Moydow Options and a party to a Moydow Options Exchange Agreement, is also a party to a New Financing Subscription Agreement and has agreed to subscribe for US$50,000 of the New Financing in consideration for 317,500 DFR Shares; Bertrand Boulle, a director of DFR, is a party to a New Financing Subscription Agreement and has agreed to subscribe for US$25,000 of the New Financing in consideration for 158,750 DFR Shares; and John McGloin, President, CEO and a director of DFR, is a party to a New Financing Subscription Agreement and has agreed to subscribe for US$12,500 of the New Financing in consideration for 79,375 DFR Shares. In addition Spirit, controlled by JRB, is the controlling shareholder of DFR and indirectly holds 100,000 Moydow Shares and is a party to a Minority Share Exchange Agreement as well as a Founder Subscription Agreement and a New Financing Subscription Agreement (reference is made to the headings "Summary – The Transaction – The Financings" and "Description of the Transaction – The Financings"). However, JRB is not an officer or director of either DFR or Moydow. Minerex Drilling Contractors Ltd. ("**Minerex**"), a shareholder of DFR, and a company in which Kiernan has a 13% interest, is the holder of 200,000 Moydow Shares and a party to a Minority Share Exchange Agreement, is also a party to a New Financing Subscription Agreement and has agreed to subscribe for US$550,000 of the New Financing in consideration for 3,492,500 DFR Shares. Reference is made to the heading "Description of the Transaction – The Acquisition of Moydow – The Minority Share Exchange Agreements" and "The New Financing" for further particulars. The DFR shares held by each of Al Gourley, David Reading, Spirit and Minerex will be excluded from voting on the Transaction. The DFR Board is aware of these interests and considered them along with the other matters described under the heading "Description of the Transaction – Recommendation of the DFR Board". See "Description of the Transaction – Interests of Certain Persons in the Transaction".

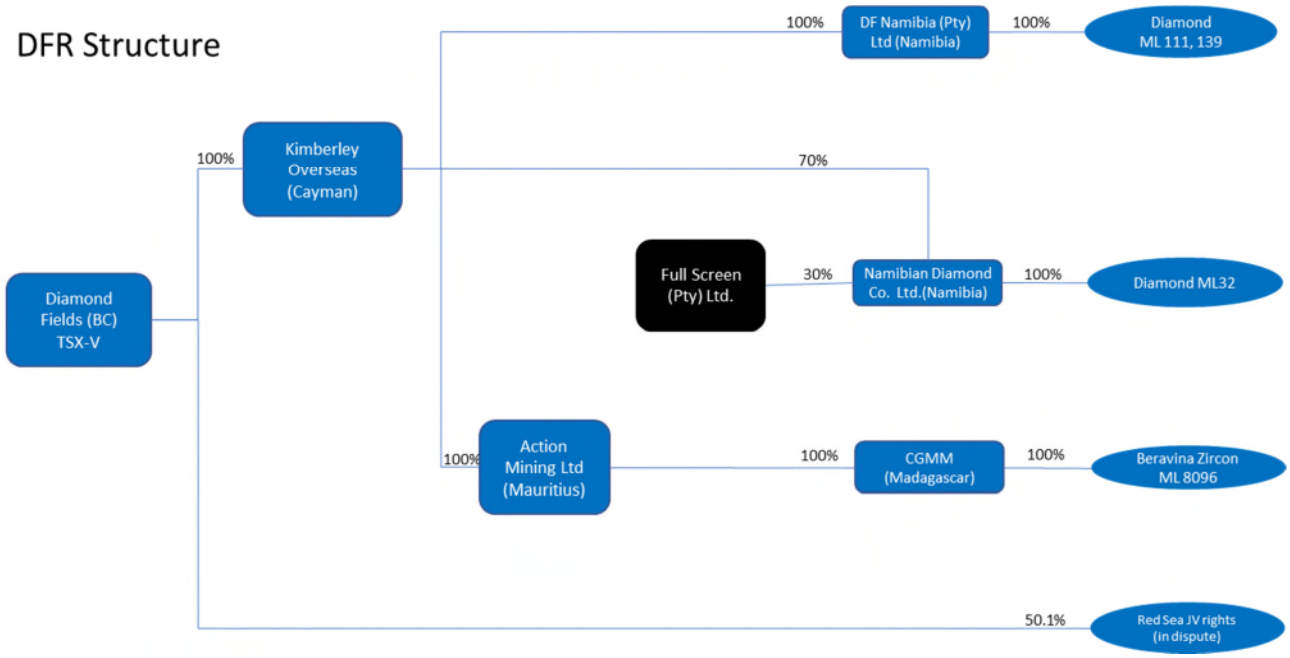
INFORMATION CONCERNING DFR

The following information is provided by DFR, is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of DFR. See "Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information relating to the Resulting Issuer.

NAME AND INCORPORATION

Diamond Fields Resources Inc. ("**DFR**" or the "**Corporation**" herein) was incorporated under the *Canada Business Corporations Act* by Articles of Incorporation dated May 28, 2000 and continued under the BCBCA.

The Corporation's registered office is 2900-550 Burrard Street, Vancouver, B.C. V6C 0A3, Canada and its principal business office is located at 223, Lotissement Le Mahé, Beau Vallon, Mauritius.



GENERAL DEVELOPMENT OF THE BUSINESS

History

The Corporation is a British Columbia governed company and is active in mineral exploration and has business interests in Madagascar, Namibia and in the Red Sea (subject to a dispute since 2013).

The Corporation has traditionally financed its business from a combination of non-brokered private placements and insider loans. Funding activities during the past three years (2019 onwards) include the receipt of US$ 1,105,530 proceeds from bulk sampling of diamond (carried by a contractor) that took place during two months between 2018 and 2019 on its ML111 mineral licence in Namibia. During 2020, the Corporation raised $200,000 in equity and $1,000,000 (bridge finance) debt from two insiders, the debt was fully repaid the same year upon the recovering of US$ 679,852 intercompany loan from its Namibian subsidiary. Additionally in 2021, Spirit exercised 10,666,667 warrants, issued in 2016, at an exercise price of C$0.125 per warrant, raising US$1,063,264 which was mainly used to repay a loan of US$ 1,000,000 from Spirit together with US$ 15,123 interest thereon. The proceeds from the funding activities have been used to finance G&A and over the past two years consulting fees related to M&A activities and, to a lesser extent, financing statutory and compliance costs associated with the different exploration assets.

All the Directors and NEOs have been in service with the Corporation for more than three years except John McGloin who was appointed as a Board member, CEO and President effective January 1, 2022. Sybrand Van Der Spuy who has served as CEO and President since joining the Corporation in 2014, is now assuming the role of COO, and Jean Lindberg Charles has been serving as CFO and Secretary since joining the Corporation in 2018.

Transaction with Kiernan, Panthera and Others

On August 24, 2021, DFR, Kiernan, Panthera, the Moydow Options holders and the minority shareholders of Moydow signed the Transaction Agreements. For more information with respect to the Transaction, see headings, "Description of the Transaction", "Particulars of Matters to be Acted upon at the Meeting – Approval of the Transaction" and "Information Concerning the Resulting Issuer". A press release relating to the Transaction was issued on August 25, 2021. Copies of the Material Agreements were filed on DFR's SEDAR profile on August 31, 2021 and are available at www.sedar.com.

NARRATIVE DESCRIPTION OF THE BUSINESS

The Corporation is primarily engaged in the assessment of mineral projects around the world to identify new opportunities. It currently has mineral interests in Madagascar, Namibia and interests in the Red Sea, and over the past few years has been in discussions and negotiations with several parties to secure an exploration project which will have the potential of developing into a mining operation.

Mineral exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation might not be able to overcome. See "Risk Factors".

THE CORPORATION'S PROJECTS

Beravina (Zircon). The Corporation through its Madagascar-based subsidiary, Compagnie Generale des Mines de Madagascar, owns a Mining Licence (Permis d'Exploitation PE 8096) for the exploration and mining of the Beravina zircon deposit that is 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. An NI 43-101 technical report filed by the Corporation on January 29, 2019 entitled "Diamond Fields Resources Inc. Beravina Project Madagascar" dated December 20, 2018 with an effective date of December 14, 2018 and prepared by the MSA Group (Pty) Ltd. (the "**Technical Report**") reported an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon ($ZrSiO_4$) (equivalent to 15.3% ZrO_2). The Technical Report (available on SEDAR) was 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 Corporation. On May 16, 2019, the Corporation entered into a cooperation agreement with TMH Acquisition Co. ("**TMH**") to advance the project (the "**Cooperation Agreement**"). An infill drilling program undertaken by TMH between late 2019 and early 2020 confirmed the Zircon grade as reported under the technical report. The Cooperation Agreement has expired.

Namibia (Diamonds). Through its Namibian subsidiaries DFN and NDC, the Corporation owns several offshore diamond mining licences in Namibia. DFN owns mining licence ML111, valid until December 4, 2025, where the Corporation has historically produced diamonds (2001-2008, 2016 and 2018-2019). In November 2018 the Corporation undertook an initial contractor mining program through International Mining and Dredging Holdings (Pty) Limited (IMDH) and its subsidiary, NUTAM, which was completed on January 13, 2019, producing 47,298.18ct net weight rough diamonds. The Company and IMDH have been assessing the results and considering the need for further exploration and development work before further exploitation activities. Such work is expected to improve recoveries from the remaining blocks under the current ML111 mining plan. As a result of these discussions, further exploitation campaigns on ML111 have been delayed. Any resumption of mining with IMDH is dependent upon the conclusion of these discussions. DFN also owns a 100% interest in mining licence ML139, valid until November 2029.

The Corporation also holds a 70% interest in NDC which owns a 100% interest in the shallow water mining licence ML32 which is valid until December 2023.

Red Sea (Zinc, Copper, Manganese, Cobalt and others). The Corporation was entitled to a 50.1% interest in a mining licence holding the Atlantis II deposit issued by the Joint Red Sea Commission in 2011 through a joint venture with the licence holder, Manafa International Trade Company. The Atlantis II basin containing the Atlantis II deposit is located at the bottom of the Red Sea. The project is currently the subject of a dispute with the licence holder over certain contractual issues. The Corporation cannot ascertain whether the licence is in good standing.

QP Statement

David J Reading, M.Sc., FIMM, a director of DFR and a Qualified Person as defined under NI-43-101, has prepared or supervised the preparation of, and approved, the technical information contained in this Circular relating to the Existing DFR Assets.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MD&A OF DFR

The following table presents certain selected financial data of DFR for the year ended December 31, 2020, the six month period ended December 31, 2019 and the year ended June 30, 2019 and for the nine months ended September 30, 2021. The selected financial information has been derived from DFR's audited consolidated financial statements for the year ended December 31, 2020, the six month period ended December 31, 2019 and the year ended June 30, 2019, copies of which are attached as **Schedule B-1** and **Schedule B-2** to this Circular, and from DFR's reviewed condensed interim consolidated financial statements for the nine months ended September 30, 2021, a copy of which is attached as **Schedule D** to this Circular. These financial statements were prepared in accordance with IFRS.

	Nine months period ended September 30, 2021 ($) (unaudited)	Year Ended December 31, 2020 ($) (audited)	The Six Months ended December 31, 2019 ($) (audited)	Year ended June 30, 2019 ($) (audited
Total comprehensive loss	(302,138)	(670,184)	(731,779)	(105,340)
Total assets	629,576	258,783	1,213,402	1,607,793
Total liabilities	422,095	832,428	1,277,350	967,132
Accumulated deficit	(60,846,011)	(60,543,876)	(59,865,214)	(59,139,469)
Shareholders' Equity (Deficit)	187,481	(573,645)	(63,948)	640,661

Quarterly Information

The following is selected financial data from DFR's unaudited consolidated quarterly financial statements for the last eight quarters ending with the most recently completed quarter, September 30, 2021.

	Three Months Ended ($)			
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Total comprehensive income (loss)	840,926	1,131,138	(2,274,203)	(372,046)
Total assets	629,576	711,107	142,800	258,783
Total liabilities	422,095	2,427,815	2,990,648	832,428
Accumulated deficit	(60,846,011)	(61,686,939)	(62,828,079)	(60,543,876)
Shareholders' Equity (Deficit)	187,481	(1,716,708)	(2,847,848)	(573,645)

	Three Months Ended ($)			
	September 30, 2020	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**
Total comprehensive income (loss)	134,385	(683,154)	182,018	(110,204)
Total assets	355,829	498,518	1,311,853	1,213,402
Total liabilities	626,041	905,150	1,038,545	1,277,350
Accumulated deficit	(60,237,562)	(60,372,065)	(59,686,462)	(59,865,214)
Shareholders' Equity (Deficit)	(270,212)	(406,632)	273,308	(63,948)

MANAGEMENT'S DISCUSSION AND ANALYSIS

DFR's Management Discussion and Analysis for the nine months period ended September 30, 2021 is presented as **Schedule E** and for the year ended December 31, 2020 and the six months ended December 31, 2019 are presented in **Schedule C-1 and C-2**, respectively to this Circular.

TRENDS

Other than as herein disclosed, DFR is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon DFR's future revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to not be indicative of future operating results or financial condition.

The coronavirus COVID-19 ("**Covid-19**") has been declared a global pandemic (the "**Pandemic**") by the World Health Organisation in 2020. Covid-19 has continued to spread, impacting people, workforces, economies and businesses. It is not possible for the Corporation to predict the duration and magnitude of the adverse results of the Pandemic and its effects on DFR's business or ability to raise funds, but it has had a negative impact on its progress in both Namibia and Madagascar.

DESCRIPTION OF SECURITIES

The authorized capital of DFR consists of an unlimited number of DFR Shares without par value. The DFR Shareholders are entitled to: dividends (if, as and when declared by the DFR Board); one vote per share at meetings of DFR Shareholders; and upon dissolution to share equally in such assets of DFR as are distributable to DFR Shareholders.

Consolidated Capitalization

DFR Shares

The following table sets forth the share capital of DFR as at December 31, 2020 and as at September 30, 2021 and the date of this Circular:

Designation of Security	Amount Authorized or to be Authorized	Amount outstanding as of December 31, 2020	Amount Outstanding as of September 30, 2021	Amount Outstanding as the date of this Circular
DFR Shares	Unlimited	68,895,662[(1)]	79,562,329[(1)]	80,262,329[(2)]

Note:

(1) 68,895,661 common shares were issued and outstanding as at December 31, 2020. Spirit exercised the warrants it held since 2016 prior to their expiry in September 2021, thereby increasing the number of shares issued and outstanding to 79,562,329.

(2) 700,000 DFR shares have been issued following the end of the last interim report (for the nine-months ended September 30, 2021) following the exercise of 700,000 DFR Options (with an exercise price of C$0.145) by a Director, as announced on March 11, 2022, increasing the total amount of shares issued and outstanding as at the date of the Circular to 80,262,329 shares.

Stock Options

As of the date of this Circular, the following Options of DFR are outstanding:

Number of Options	Exercise Price	Expiry Date
2,362,800	$0.145	10 days following Closing[(1)(3)]
719,200	$0.145	90 days following Closing[(2)]
400,000	$0.145	April 2, 2023
968,000	$0.145	August 27, 2023[(3)]

(1) Options held by certain directors of DFR would have expired on 12 December 2021, but due to their expiry occurring during a black-out period, the new expiry date, if unexercised, shall be within 10 business days after the announcement of the Closing of the Transaction.

(2) Options held by certain officers and directors of DFR who will not be directors of the surviving entity will expire, if unexercised, 90 days after Closing.

(3) 700,000 DFR Options have been exercised following the end of the last interim report (for the nine-months ended September 30, 2021) as announced on March 11, 2022.

Reference is made to the heading "Information Concerning the Resulting Issuer" and the subheadings "Fully Diluted Share Capital" and "Options to Purchase Securities" thereunder for options that will continue to exist following Closing.

PRIOR SALES

DFR has issued the following securities within the twelve (12) months prior to the date of this Circular:

Date of closing	Price	Number	Type of Securities
March 11, 2022	$0.145	700,000	Common Shares[(1)]
September 10, 2021	$0.125	10,666,667	Common Shares[(2)]

(1) Exercise of DFR options by a Director announced by the Corporation on March 11, 2022.

(2) Exercise of Warrants by Spirit.

STOCK EXCHANGE PRICE

The DFR Shares are listed for trading on the TSXV under the symbol "DFR". The following table sets forth the high, low and closing prices and volumes of the DFR Shares as traded on the TSXV for the periods indicated:

Period	High C$	Low C$	Close C$	Total Volume
Period from July 1, 2021 to August 24, 2021	C$0.295	C$0.155	$0.185	702,138
Quarter ended June 30, 2021	C$0.590	C$0.250	C$0.255	5,773,914
Quarter ended March 31, 2021	C$1.250	C$0.130	C$0.380	11,965,146
Quarter December 31, 2020	C$0.160	C$0.090	C$0.145	639,418
Quarter ended September 31, 2020	C$0.170	C$0.100	C$0.12	300,378
Quarter ended June 30, 2020	C$0.175	C$0.09	C$0.165	55,012

Note:
(1) Trading in the DFR Shares was halted on August 25, 2021 pending the announcement of the Transaction. Due to the nature of the Transaction, the DFR Shares will remain halted until the Transaction is approved by the DFR Shareholders. If the Transaction is not approved, there can be no assurance that the DFR Shares will be reinstated for trading.

EXECUTIVE COMPENSATION

See heading "Information Concerning DFR For The Meeting – Executive Compensation" above.

COMPENSATION OBJECTIVES AND PRINCIPLES

See heading "Information Concerning DFR For The Meeting – Executive Compensation – Compensation Discussion and Analysis" above.

COMPENSATION PROCESSES AND GOALS

See heading "Information Concerning DFR For The Meeting – Executive Compensation – Process for Determining Executive Compensation" above.

The Implementation of DFR's Compensation Policies

Fees

See heading "Information Concerning DFR For The Meeting – Executive Compensation – Director and NEO Compensation, Excluding Compensation Securities" above.

Stock Options

See heading "Information Concerning DFR For The Meeting – Executive Compensation – Performance and Compensation – Stock Options and Other Compensation" above.

Summary Compensation Table

See heading "Information Concerning DFR For The Meeting – Executive Compensation – Director and NEO Compensation, Excluding Compensation Securities" above.

Employment/Consulting Contracts

See heading "Information Concerning DFR For The Meeting – Executive Compensation – Termination and Change of Control Benefits" and "Information Concerning DFR For The Meeting – Executive Compensation – Management Contracts" above.

Termination and Change of Control Benefits

See heading "Information Concerning DFR For The Meeting – Executive Compensation – Termination and Change of Control Benefits" above.

Compensation of Directors

See heading "Information Concerning DFR For The Meeting – Executive Compensation – Compensation of Directors" above.

STOCK OPTION PLAN

See heading "Information Concerning DFR For The Meeting – Fixed Stock Option Plan" above.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No officer or director of DFR is indebted to DFR for any sum.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No Insider of DFR and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of DFR's last financial year or in any proposed transaction, which, in either

case, has materially affected or will materially affect DFR, other than as disclosed herein. Reference is made to the heading "Description of the Transaction - Interests of Certain Persons in the Transaction".

LEGAL PROCEEDINGS

There are no legal proceedings material to DFR to which DFR is a party or of which any of its property is the subject matter and DFR does not know of any pending legal proceedings.

MANAGEMENT CONTRACTS

No management functions of DFR are to any substantial degree performed by a person or company other than the directors or executive officers of DFR.

ADDITIONAL INFORMATION

Additional information relating to DFR may be found on SEDAR at www.sedar.com.

AUDITOR

Davidson & Company LLP, Chartered Professional Accountants are the auditors of DFR. Davidson & Company LLP's offices are located at 1200 – 609 Granville Street, P.O. Box 10372, Vancouver, B.C. V7Y 1G8.

TRANSFER AGENT AND REGISTRAR

Reference is made to the heading "Information Concerning the Resulting Issuer – Transfer Agent and Registrar".

MATERIAL CONTRACTS

DFR is party to the following material contracts, excluding contracts entered into in the ordinary course of business:

1. The Go-Forward Agreement – more particularly described under the heading "Description of the Transaction" and elsewhere in this Circular.

2. The Kiernan Exchange Agreement – more particularly described under the heading "Description of the Transaction" and elsewhere in this Circular.

Copies of these agreements may be inspected without charge during regular business hours at the offices of DFR and may also be found on SEDAR at www.sedar.com.

INFORMATION CONCERNING MOYDOW

The following information is provided by Moydow, is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of Moydow. See "Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information relating to the Resulting Issuer.

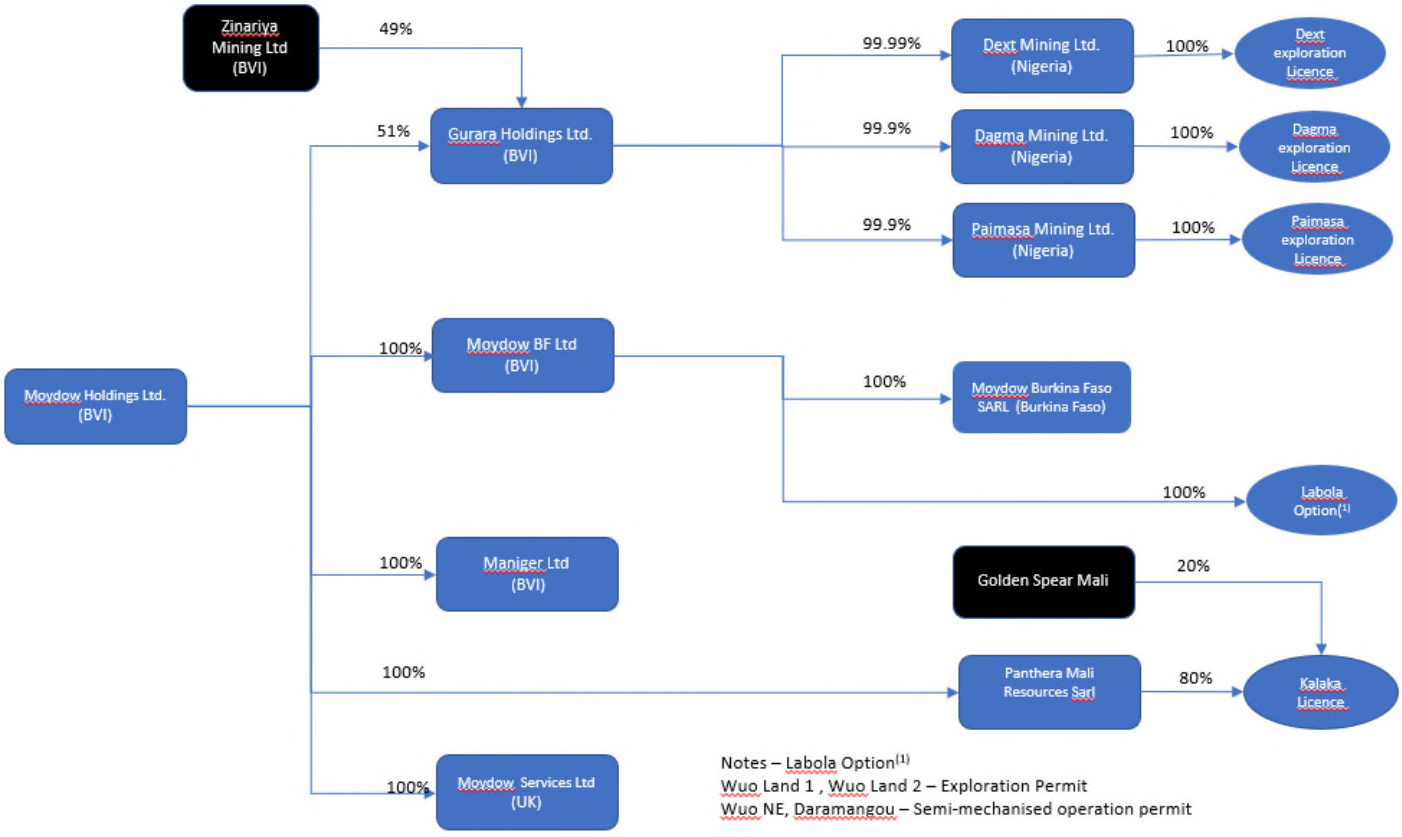
NAME AND INCORPORATION

Moydow's full corporate name is "Moydow Holdings Limited", a private entity, that was incorporated in the British Virgin Islands on May 28, 2019. The registered and head office of Moydow is located at:

C/o SHRM Trustees (BVI) Limited
Trinity Chambers
P.O. Box 4301
Road Town, Tortola
British Virgin Islands

Moydow is engaged in the acquisition and exploration of precious metals mineral properties with a primary focus in West Africa where it has interests in mineral assets in Burkina Faso, Mali and Nigeria.

Current Corporate Structure of Moydow



Moydow holds a 100% interest in the Labola Gold Project, subject to the Labola Option Agreement, through its wholly-owned subsidiary, Moydow BF Ltd., a BVI company. Immediately following Closing, DFR will hold an 80% interest in Moydow, with Panthera holding the remaining 20% interest.

Moydow holds a 100% interest in Panthera Mali Resources SARL (PMR) which owns 80% of the Kalaka licence through a joint venture agreement with Golden Spear Mali SARL. Following Closing, the PMR shares will be transferred to Moydow M Ltd., a BVI company which will be renamed Maniger Ltd. and DFR will hold a 50% interest in Maniger with Panthera holding the remaining 50%. On Closing, DFR will hold a 40% indirect interest in the Kalaka licence. Panthera will be the operator of the Kalaka project.

Moydow held a 20% interest in Gurara Holdings Ltd. at December 31, 2020 and September 30, 2021, and subsequently earned a 51% in November 30, 2021, after having incurred US$1,000,000 in qualifying expenditures on the Gurara projects. The remaining 49% is held by Zinairya Mining Ltd., an unrelated BVI holding company. Following Closing, the shares held by Moydow will be transferred into Maniger and each of DFR and Panthera will own 50% of Maniger giving each a 25.5% indirect interest in Gurara Holdings and its three Nigerian exploration companies. Gurara holds a 99.99% interest in three Nigerians companies which hold exploration licences in Nigeria.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Moydow Holdings Limited was incorporated in the British Virgin Islands (BVI) by Kiernan as sole shareholder on May 28, 2019. On the same date, Gurara Holdings Limited ("**Gurara**") was incorporated (in the BVI), with Moydow being the sole shareholder, with the intention that Gurara would be used as a joint venture vehicle to hold a 100% interest in three Nigerian exploration assets. On July 20, 2020, Moydow, Gurara, PW Mining and Zinariya entered into the Gurara JVA, whereby Moydow and Zinariya acknowledged their 20% and 80% interests, respectively, in Gurara and Moydow was given the right to acquire up to a 65% interest in Gurara, upon expending certain amounts on qualifying exploration expenditures. In 2021, Moydow completed an aggregate of US$1,000,000 of qualifying expenditures in the Nigerian assets and earned a 51% interest in Gurara and, indirectly, the three Nigerian exploration projects.

On July 1, 2020, Moydow, Panthera and Kiernan entered into an asset purchase agreement, as subsequently amended by the parties (the "Labola Asset Purchase Agreement"). Pursuant to the Labola Asset Purchase Agreement, Panthera's rights pertaining to the Labola Gold Project (in 2020) and Kalaka project (in 2021) were transferred to Moydow in consideration for 2,500,000 shares and 500,000 shares for Labola and Kalaka, respectively, at a deemed price of US$1 per Moydow share. Moydow incurred US$66,000 on the Kalaka project in 2020 and agreed to pay a further US$110,000 to Panthera, which amount remains unpaid. Moydow also entered into an Exploration Data Purchase Agreement dated October 9, 2020 to acquire historic exploration information on the Labola Gold Project from Nord Gold in consideration for a capped royalty. Reference is made to the heading "Information Concerning Moydow – Property Agreements" below.

Kiernan was issued 999,999 shares as consideration for a US$ 1,111,186 debt owed by Moydow to Kiernan (mainly in relation to G&A and Nigeria related expenditures). Kiernan concurrently subscribed and paid for 1,000,000 shares in cash, and Kiernan also subscribed for 500,000 shares in consideration of US$500,000 of drilling services to be performed, which were subsequently paid for in cash in lieu of drilling services.

During 2020, Moydow also issued 50,000 shares to a third party for services received at a deemed value of US$50,000. Kiernan subsequently subscribed for 250,000 shares and several parties (minority shareholders) subscribed for 750,000 shares at US$1 per share. In 2021, in addition to the 500,000 shares issued to Panthera for the Kalaka rights pursuant to the Panthera Asset Purchase Agreement, Kiernan exercised 600,000 share options in Moydow providing US$600,000 in cash to Moydow.

Having reached the milestone to own a 51% interest in Gurara, and more importantly having secured the rights to the Labola Gold Project, the board of Moydow resolved that Moydow would not pursue further investment and interest in Gurara in the foreseeable future.

Moydow completed an exploration programme following the acquisition of the Labola Gold Project and published a maiden mineral resource statement announced by DFR on October 25, 2021. Moydow expended US$1,365,979 on the Labola Gold Project for the nine-months ended September 30, 2021 and US$140,365 for the year ended December 31, 2020.

On March 11, 2022 the Corporation announced that Moydow has entered into the WUO Land 2 Option Agreement to purchase the WUO Land 2 Property, a grass-roots exploration property contiguous to the Labola Gold Project, in consideration for an initial payment of US$200,000. Moydow can exercise the option by making two further payments of US$150,000 each 12 months and 18 months following the closing of the WUO Land 2 Option Agreement. In addition, the license holder will retain a 1% net smelter return royalty ("**WL 2 NSR**") on all gold produced up to a total aggregate payment pursuant to the WL 2 NSR of US$2,000,000. Reference is made to the heading "Information Concerning Moydow – Property Agreements – WUO Land 2 Option Agreement"

NARRATIVE DESCRIPTION OF THE BUSINESS

The primary business objective of Moydow has been to explore for and develop precious and base metals deposits on its projects in West Africa.

Mineral exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation might not be able to overcome. See "Risk Factors".

THE LABOLA GOLD PROJECT

Labola Report

The following disclosure relating to the Labola Gold Project has been derived from the Labola report ("**Labola Report**"), a technical report on the Labola Gold Project (in this section referred to as the Labola Project) entitled "Diamond Fields Resources Inc. Amended and Re-stated Technical Report on the Labola Project Burkina Faso" dated April 2, 2022 with an effective date of April 20, 2022 was prepared by Ivor W. O. Jones, M.Sc., P.Geo., FAusIMM, John Asafo-Akowuah, M.S., MAIG and Alan Riles, B.Met, M.Econ.Geol.

The Labola Report can be viewed under DFR's SEDAR profile at Diamond Fields Resources Inc. Profile (sedar.com).

The following summary has been being prepared with the consent of Ivor Jones, the QP of the Labola Report, and is generally a direct extract of the summary from the Labola Report. Detailed background information concerning the summary below can be found in the Labola Report and is hereby incorporated herein by reference.

Property Description and Ownership

The Labola Project is located in the Banfora greenstone belt within the Birimian Supergroup of West Africa. The project is situated in the southwest of Burkina Faso approximately 450 km west-southwest of the capital city, Ouagadougou and approximately 105 km north of the border with Côte d'Ivoire. The closest town is Banfora situated in Comoé Province approximately 30 km to the southwest of the project. Bobo-Dioulasso, the second largest city of Burkina Faso is located 85 km to the northwest of the project area.

The Labola Project comprises the principal permit, the Wuo Land Exploration Permit (Permis de Recherche), and two semi-mechanized exploitation permits (Permis d'Exploitation Semi-Mécanisée), Daramandougou 1 and Wuo Ne, which are located within the Wuo Land Exploration Permit area. The Wuo Land Exploration Permit is the main focus of this report.

Moydow acquired an option agreement over the Wuo Land Exploration Permit from AIM quoted Panthera Resources Plc in August 2020. A new option agreement over the Labola Project permits was entered in November 2020 under an agreement between Moydow Holdings Limited and the holders of the permits (the "Holders"), namely BOUDO Aristide Jean Clément and EXMA. The current Option Agreement was effective from June 2021 when Moydow Holdings Limited novated its rights and obligations under the November 2020 option agreement to its 100% subsidiary Moydow BF Limited. Moydow BF Limited has an option until 27 May 2024 to purchase 100% of the holders' interests in the Labola Project.

The Wuo Land Exploration Permit was originally granted on March 6, 2018 to BOUDO Aristide Jean Clément with the first renewal issued on 18 October 2021 for the second term of three years and valid until 4 March 2024. The Permis d'Exploitation Semi-Mécanisée were initially granted to EXMA, an "entreprise individuelle" of BOUDO Aristide Jean Clément, on 24 May 2011, renewed for a three-year term on 25 May 2016 with a further renewal issued on 27 February 2020. The Permis d'Exploitation Semi-Mécanisée are valid until 23 May 2022.

Summary of geology and mineralisation.

The West African Craton consists of the Archaean Kenema-Man domain (referred to as the Man Shield) in the west and the Palaeoproterozoic Birimian Baoule-Mossi domain in contact with and east of the Man Shield. The

Paleoproterozoic Birimian terranes of West Africa include shear bounded, linear and arcuate volcano-sedimentary belts, younger sedimentary basins, and granitoid-dominated terranes.

The Birimian of West Africa constitutes the largest Paleoproterozoic gold-producing region for Orogenic style gold deposits within the world, and one of the world's leading gold provinces. It is reported to have an overall endowment of more than 460 million ounces including past production and 2017 Resource inventories (GoldFarb et al, 2017).

The Birimian of Burkina Faso consists of volcanic, volcano-sedimentary and sedimentary rocks located in linear and arcuate belts enveloped by granitoid bodies. These volcano-sedimentary terranes have been subject to strike-slip dominated deformation resulting in the formation of extensive N to NE trending structures.

The Southwest portion of Burkina Faso hosts three N to NNE trending greenstone belts (Boromo, Hounde, and Banfora) separated by voluminous granitoid domains. The Banfora belt consists of an eastern part of intercalated units of basalts, andesites, volcano-sediments and rhyolites, two to four kilometres thick, while the western part is composed exclusively of volcano-sediments and sedimentary units.

The Wuo Land permit area has limited outcrop and is characterised by low relief and a heavily lateritised terrane with surface gravels, saprolite and ferricrete plateau. The central portion of the permit has extensive artisanal mining activity covering an area up to one kilometre in width along a NNE trending zone with strike lengths of surface workings spanning over ten kilometres. Descriptions of the property geology are based on observations from historical exploration reports, the currently available diamond drill core, mapping of artisanal shafts and pits as well as reference to high resolution satellite imagery and airborne and ground geophysical data.

The principal Birimian lithologies within the permit area comprise greenschist facies, sericite-chlorite schists and subordinate greywacke which are both intercalated with graphitic shales which are often schistose, phyllite, siltstones, minor sandstone/quartzite and occasional gritstones and conglomerates. Oxidation including the laterite weathering process extends for about 50 m depth from surface. The metasediments were intruded by felsic intrusive rocks and several dolerite dykes and sills.

Three mineralised zones have been identified from historical and 2021 drilling programs and are referred to in this report as the West, Central and East zones. These are outlined by historical artisanal mining activity and from the various drilling campaigns.

Gold mineralisation at Labola is associated with quartz veining, silicification and disseminated sulphides (principally pyrite with accessory arsenopyrite, chalcopyrite and pyrrhotite). Relogging of previous diamond drill holes has indicated that higher grades are associated with zones of increased sulphide content, silica banding, silicification and quartz veining-veinlets principally parallel to foliation and located within areas of more intense shear deformation (brittle-ductile or ductile). The principal controlling factors for better gold mineralisation are the percentage of disseminated sulphides with or without strong silicification and quartz veining. In the East zone there is a foliation parallel, quartz vein which is associated with gold mineralisation. In the West and Central zones various stages of quartz veining and veinlets in sheeted or stockwork format are associated with strong deformation, sulphides and silicification.

Summary of exploration concept

This style of orogenic gold mineralisation is characterised by quartz-carbonate-sericite-sulphide alteration in structural settings and commonly associated with elevated arsenic grades and coarse gold. Whilst the use of arsenic as an indicator element in geochemistry is not always effective, the delineation of structural corridors using geophysics and mapping, and drilling across the mineralisation has been shown to be an effective way of exploration for this style of deposit, and for delineating the mineralisation.

Summary of status of exploration, development and operations

Historical exploration on the tenements has mainly been by two companies: Taurus Gold Ltd and High River Gold Mines Ltd (High River Gold Mines Ltd, taken over by Nord Gold Plc).

High River Gold Mines Ltd explored the area between 2005 and 2013 under a 250 km^2 (reduced to 184 km^2) Permis de Recherche (PDR - exploration permit equivalent). This work culminated in the drilling of 1,628 m RAB drilling in 48 drillholes, 34,280 m RC drilling in 317 drill holes and 4,640 m DD in 29 drill holes.

Taurus Gold Ltd explored three excised areas within the High River Gold Mines Ltd Permis de Recherche, the Daramandougou, Wuo Ne and Wuo Panga Permis d'Exploitation Semi-Mécanisée of 1.0 km^2 area each, between 2011 and 2012. The Taurus Gold Ltd exploration work principally focused on drill testing two areas of mineralisation in detail. They undertook 19,949 m of diamond drilling in 103 drill holes and 5,059 m of reverse circulation drilling in 44 drill holes. Structural studies were completed on the orientated core as well as detailed geological interpretation and wireframing. An internal resource estimate was prepared by the MSA group and a draft 43-101 technical report was completed, but this was never published.

Moydow has explored the area since August 2020 including acquisition and compilation of all previous data into a single database, interpretation of this data, target generation using the database and all of the acquired remote sensing information, a small drilling program involving 23 twin holes and an additional six exploration and infill holes. The database of historical information has been audited, correctly coordinated and the twin drilling results demonstrate the validity of the previous data. The results of the Moydow drilling showed strong reproducability of the High River Gold Mines Ltd and Taurus Gold Ltd drill data in both terms of location of mineralisation and grade. Further, the brownfields exploration drilling showed good predictability of the location of mineralisation in extensional drilling to the mineral resource.

The High River Gold Mines Ltd, Taurus Gold Ltd and Moydow data was therefore taken as sufficiently accurate to be used in the estimation of mineral resources for Labola.

Aurum Consulting was involved with the planning and management of the 2021 drilling program which was supervised by Aurum Consulting and which is summarized in this Technical Report. This work recommended a pilot study involving a drilling program utilising LeachWELL bottle roll analysis as well as Fire Assay analysis of drill samples. The aim of the pilot study was twofold:

1. Provide validation of the historical High River Gold Mines Ltd and Taurus Gold Ltd drilling databases.

2. Assess the efficacy of the LeachWELL versus traditional Fire assay method in the context of a high coarse gold component to the Labola mineralisation.

The drilling program commenced on 22 May 2021 and concluded on 7 August 2021. An aggregate of 4,739 metres was drilled in 31 holes. 23 holes were twin holes, 2 were infill holes and 4 were step out exploration holes. Two were re-drilled. Each of the holes intersected zones of mineralisation which were either identified based on holes that the new hole twinned or were identified using fire assays for gold and assays showing elevated arsenic grades.

Results of the LeachWELL analyses show that fire assays in the range of 0.3 to 0.5 g/t Au increased on average by 23%, in the range of 0.5 to 1.0 g/t Au increased on average by 10%, and in the range of 1.0 to 2.0 g/t Au increased on average by 12%. Above 2 g/t Au, the average grade decreased. Whilst it was disappointing that the sample assays in the higher grades were lower, the average grade remained the same in the LeachWELL as for the fire assays of the same samples, and the variance was reduced in the LeachWELL from the fire assays.

Following completion of the drilling, Aurum Consulting was also contracted to undertake the estimation of the mineral resource that is documented in this report (Table 1).

The Labola area has a lateritic weathering profile, with weathering down to approximately 50 m underlain by an ill-defined, but thin transition zone overlaying the primary fresh rock. As such, one would expect high and generally uniform metallurgical recoveries from the oxide zone and lower and more variable recoveries from the underlying transition and primary material. Preliminary metallurgical results from a limited set of metallurgical samples, although well-supported by extensive LeachWELL data from drilling samples, suggest 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 suggested to be between 90% and 98% in the oxide zone and between 82% and 93% in the transition/sulphide zone.

In addition to the mineral resource, Moydow has compiled, integrated and assessed all of the available information and outlined future exploration targets based on each of the main data sets. Based on this, Moydow selected targets and ranked them based on their perceived prospectivity as summarised:

- Priority 1 – Taurus Gold Ltd Resource Targets.
- Priority 2 – High River Gold Mines Ltd Resource Targets.
- Priority 3 – Mineralization Extensions.
- Priority 4 – Untested Workings.
- Priority 5 – Previous Drill Intercepts.
- Priority 6 – Induced Polarization Targets.
- Priority 7 – Mineralization Trends.
- Priority 8 – Geochemical Targets.
- Priority 9 – Electro-Magnetic targets.

The main targets are along the major interpreted central shear system but there is strong evidence that there are several sub-parallel structures that also host significant gold mineralisation as shown by artisanal workings. These targets can be considered as clearly defined with generally good to excellent potential. Many of the targets are resource expansion opportunities as they are obvious extensions to identified resources and include areas with only widely spaced historical drilling. Additional targets include untested zones with artisanal workings and new zones as defined by soil geochemistry and/or Induced polarisation surveys. It is the authors opinion that Labola represents an advanced project with clearly defined drill targets that provide opportunities for exploration and resource expansion.

Conclusions and recommendations

It is the QP's opinion that the work completed by Taurus Gold Ltd and the 2021 work being completed by Moydow at the Labola Project is being completed to a good standard and in line with standard industry practices. However, the data provided for the High River Gold Mines Ltd drilling is incomplete. Moydow addressed this by twinning some 23 drillholes which showed excellent repeatability of the High River Gold Mines Ltd drill data in both terms of the location of the mineralisation and the grade of the mineralisation.

The QP concluded that the High River Gold Mines Ltd, Taurus Gold Ltd and Moydow data was sufficiently accurate to be used in the estimation of mineral resources for Labola.

Aurum Consulting, on behalf of Diamond Fields Resources Inc., has completed the estimation of a mineral resource as documented in this report (Table 1). Resource estimation was undertaken using ordinary kriging and standard estimation practices. Validation of the grade estimation showed good predictability of the model and generally good model validation. It is the QP's opinion that the Mineral Resource is robust and the confidence in the estimates is adequately reflected in the resource classification.

Table.1 Mineral Resource for the Labola Gold Project, 25 October 2021**

Category	Mineralization (Mt)	Gold grade (g/t Au)	Contained gold (koz)
Indicated Resource	5.41	1.52	264
Inferred Resource^	6.93	1.67	371

1. *** Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources in this note were reported using CIM (2014) Standards on Mineral Resources and Reserves, Definitions and Guidelines and adopted by CIM Council.*
2. *^ The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define this Inferred Resource as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in upgrading the Inferred Resource to an Indicated or Measured Mineral Resource category.*
3. *The Mineral Resource has been constrained by an open pit evaluation using a gold price of $1900 per ounce, and then reported at a cut-off of 0.5 g/t Au.*
4. *Contained metal and tonnes figures in totals may differ due to rounding.*

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. The quantity of mined material has been calculated from estimates of dump and leach pad volumes. The grade of the material mined has been estimated in the range of 1.5-3.0 g/t and is based on an evaluation of extensive rock chip, channel sampling of artisanal workings and selective sampling of adjacent dumps. The location of where the material has been mined from is not known with any degree of accuracy. As such, the artisanal mining has not been deducted from the Mineral Resource but noted here for reference.

Moydow has prepared a two-phase work program for the Labola project. In phase one, the primary objective is to drill test, at a reconnaissance level, a number of areas adjacent to current resource pit shells to look at immediate expansion opportunities.

The phase two program is designed to complete a full resource expansion program to find additional resources and achieve the requisite project size to develop a mining project. Supporting technical work will include variability metallurgical test work, geotechnical studies, base line environmental and social studies as well as supporting technical studies for the completion of a Preliminary Economic Assessment ("PEA").

Phase One Budget: US$1.0 million. Reconnaissance drilling to test for immediate expansion opportunities adjacent to current pit shells to include:

- A planned program of 5 000 m of RC drilling. The primary objectives will be to expand the potentially economic, open pit, resource base through the drilling of extensions to known mineralisation adjacent to the pit shells as outlined in this study.
- Sampling will include fire assay and LeachWELL analysis.
- Updating of the geological wireframes and an assessment of extension opportunities.

Phase Two Budget: US$10 million. Resource expansion and PEA to include:

- A planned drilling program which includes 50 000 m RC, 10 000 m DDH and 10 000 m RAB. The RC drilling program will focus on resource expansion opportunities and conversion of more resources to the Indicated category. The DDH program will focus on obtaining core for the variability metallurgical test work and geotechnical studies. The RAB drilling will be designed to test new, undrilled zones which can then be followed up with RC drilling.

- Metallurgical test work studies based on sample composites to review possible variability between the various mineralised areas (in both oxide and sulphide zones) culminating in a recommended process design. The studies will include CIL and gravity recoveries as well as a review of gold deportment.

- Initial capex and opex estimates for all relevant mine operations and infrastructure including tailings and plant.

- Social and environmental baseline studies within the Labola project area.

- Induced polarisation (IP) surveys will be conducted to expand the existing IP grid as high chargeability and high resistivity measurement have been very effective in defining mineralised zones. Mineralisation at Labola relates to disseminated sulphides and quartz veining plus silicification.

- Construction of a new exploration camp to accommodate an increased workforce in support of the accelerated exploration program.

- Undertake further geotechnical studies on each mineralised zone.

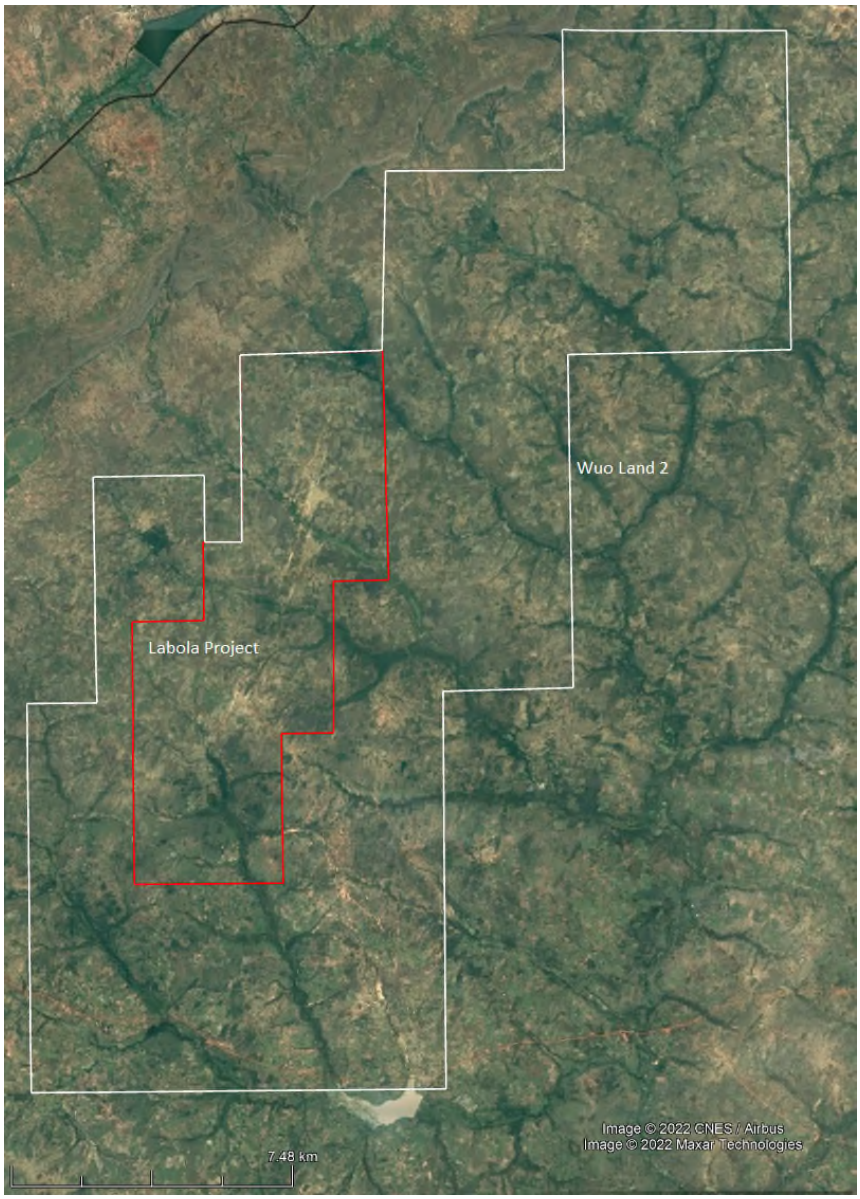
- Update of the resource estimate and Mineral Resource based on the new drilling results.

- Complete a PEA based on metallurgy, geotechnical studies, preliminary opex and capex estimates and pit optimisation work.

THE OTHER MOYDOW PROPERTIES

WUO Land 2 Property

The WUO Land 2 Property is located in the Banfora greenstone belt within the Birimian Supergroup of West Africa. The property is situated in the southwest of Burkina Faso and encloses the Labola Gold Project. Moydow optioned the property pursuant to the WUO Land 2 Option Agreement. The property is a grass-roots exploration property that hosts the extensions of the mineralised structures that Moydow has identified on the Labola property. The following is a map of the WUO Land 2 Property surrounding the Labola Gold Project:



Kalaka Property

The Kalaka gold project is located 260km SE of Bamako in South Mali, 80km south of the 8 Moz Morila gold mine owned by Barrick/AngloGold and 85km northwest of the 6 Moz Syama gold mine owned by Resolute. On Closing, Moydow will control a 40% interest in the project with Panthera also controlling a 40% interest and acting as operator; a local participant will hold the remaining 20% interest. All project interests are participating.

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

At the K1A prospect, there is a substantial zone of mineralization that is about 750m long, 150m wide and open at depth (but at least 200m deep) grading 0.4-0.6g/t Au. Drill intercepts from previous explorers include:

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

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

An exploration program is currently underway including a recently completed further Gradient Array IP survey over the southern part of the Kalaka license area. This survey extended Moydow's previous IP survey over the K1A prospect. The previous IP survey defines the large, low-grade K1A mineralization. The latest survey has enhanced the definition of existing targets as well as identifying several additional targets, in particular in the east of the survey area. Despite ongoing constitutional issues in Mali, exploration activities have been unaffected.

The Kalaka exploration license is currently held through a subsidiary of Moydow under a joint venture agreement with a local joint venture participant, pursuant to which there is an obligation to pay the local participant a fee of US$80,000 (or equivalent in shares) and incur exploration expenditure of approximately US$312,000 by 31 December 2021 and a further US$300,000 by 30 June 2022. Moydow has complied with the exploration expenditure requirements for 2021. The local participant is also entitled to a gross royalty capped at US$3 million in total.

Moydow does not consider the Kalaka Property to be material.

The Nigerian Properties

Moydow also holds a 51% interest in various gold exploration projects in Nigeria, where historically very little systematic, modern exploration has been undertaken. The projects are located within the gold-bearing ("**Schist Belt**") terrain of the Benin-Nigeria Shield, which has broad similarities to the Birimian of the Man Shield of West Africa. This area has become one of the most productive gold provinces globally over the past 35 years. Pursuant to the Transaction, Moydow and Panthera will each hold an equal 25.5% interest in these projects and, together, they can earn up to a 65% combined interest (32.5% each) by funding US$2,000,000 in total project expenditures (additional US$ 1,000,000 following achieving 51% interest) on or before July 2023. The remaining interest is held by the local joint venture participant. First Pass drilling and other early-stage exploration work has been performed on the projects through the expenditure of approximately US$785,752 to December 31, 2020. As at September 30, 2021, the aggregate cumulative qualifying expenditure incurred on the project amounted to US$898,593. Moydow subsequently completed the required US$1,000,000 in qualifying expenditures and earned 51% in the projects.

Moydow does not consider the Nigerian Properties to be material.

QP Statement

David J Reading, M.Sc., FIMM, a director of DFR and a Qualified Person as defined under NI-43-101, has prepared or supervised the preparation of, and approved, the technical information contained in this Circular relating to the Other Moydow Properties.

PROPERTY AGREEMENTS

Labola Option Agreement

On July 21, 2020, Moydow entered into an asset purchase agreement, as amended on November 23, 2020 (the "Labola Asset Purchase Agreement") with Panthera and Kiernan for, among other things, the acquisition of Panthera's rights under an option agreement dated May 27, 2019 in respect of the Labola Project in Burkina Faso (the "Labola Option") and Panthera's interest in Panthera Mali Resources SARL ("PMR") which owns 80% of the Kalaka project in Mali. As consideration for acquiring 100% of the Labola Option, Moydow issued to Panthera 2,500,000 common shares valued at US$2,500,000 and paid US$290,000 in cash to Panthera. As further consideration for acquiring a 100% interest in

PMR which owns 80% of the Kalaka project, Moydow issued to Panthera 500,000 common shares valued at US$500,000 and agreed to pay US$110,000 to Panthera, which amount remains unpaid.

Pursuant to the Labola Asset Purchase Agreement, Moydow, Panthera and Boudo Aristide Jean Clement ("Boudo") and EXMA, a company owned by Boudo, entered into a deed of novation dated August 29, 2020, as amended on November 5, 2020, transferring Panthera's entitlement to the Labola Option to Moydow (the "**Labola Option Agreement**"). On June 4, 2021 the agreement was further novated to confer the rights of Moydow to Moydow BF Ltd, a wholly-owned subsidiary of Moydow registered in BVI. All the relevant documents pertaining to the rights and transfer of title have been transferred to an escrow agent in Ouagadougou, Burkina Faso (the "Escrow Agent") pursuant to an escrow agreement among Moydow, Moydow BF Ltd., Boudo and EXMA (a company owned by Boudo) as license holders and the Escrow Agent.

The Labola Option Agreement gives Moydow exclusive rights until May 27, 2024 to purchase 100% of the Labola Gold Project for US$1,000,000. The sum of US$50,000 is payable annually to Boudo until May 27, 2023. The minimum expenditure requirement to keep the Labola Gold Project in good standing is US$ 30,000 per annum. An additional payment of US$1,000,000 will be made to Boudo upon the successful definition and reporting of a resource of at least 1,000,000 ounces of gold (under JORC guidelines). In addition, Boudo will retain a 1% net smelter return royalty ("Labola NSR") on all gold produced with a cap on payments pursuant to the Labola NSR of US$2,000,000.

Exploration Data Purchase Agreement

On October 9, 2020, Moydow entered into two agreements with Nord Gold SE ("Nord Gold") to acquire certain exploration data, reports and samples held by Nord Gold pertaining to the Labola Gold Property (the "Exploration Data Purchase Agreement") and to grant Nord Gold a 0.5% net smelter return (NSR) royalty capped at US$3,000,000. The Nord Gold agreements have given Moydow access to historical data and reports consisting of more than 65,500 meters of drilling.

WUO Land 2 Option Agreement

On March 11, 2022 (the "WUO 2 Date"), Moydow BF Ltd and Boudo executed, and placed with an escrow agrent, an option agreement pursuant to which Moydow BF Ltd. was granted the right to acquire the WUO Land 2 Property from Boudo. The WUO Land 2 Property consists of an exploration permit (Permis de Recherche) granted on 13 November 2018. Application has been made for renewal of the permit which term expired on 13 November 2021, and renewal is expected in due course. Pursuant to the WUO Land 2 Option Agreement, Moydow BF Ltd. agreed to pay US$200,000 upon all documents being placed with the escrow agent; US$150,000 within 12 months of the closing date; and, USD$150,000 within 18 months following the closing date. Moydow BF Ltd. further agreed to pay Boudo a net smelter royalty of 1%, capped at US$2,000,000, on the value of all minerals extracted from the tenement.

Joint Venture agreement between Panthera Mali Resources SARL and Golden Spear Mali

Panthera Mali Resources SARL (PMR, a wholly-owned subsidiary of Moydow since 2021) entered into a joint venture agreement with Golden Spear Mali ("GSM") dated January 14, 2021 (the "Kalaka JVA"). The Kalaka JVA acknowledged the previous agreements between GSM and the predecessor of PMR in the Kalaka JVA and defined the rights and obligations of each of GSM and PMR. Pursuant to the Kalaka JVA, PMR had an obligation to pay GSM a fee of US$80,000, or equivalent in shares, and incur exploration expenditures of approximately US$312,000 by December 31, 2021 and a further obligation to incur a sum of approximately US$300,000 before June 30, 2022. GSM is also entitled to a gross royalty of no less than 0.8% capped at US$3,000,000. Subject to the foregoing obligations, PMR has an 80% interest in the Kalaka project and GSM retains a 20% participating interest. With respect to those obligations due on or before December 31, 2021, PMR has spent over US$312,000 on qualifying expenditures and the US$80,000 payment has been satisfied in part cash and part Panthera shares. by agreement with GSM.

Pursuant to the Kalaka JVA, PMR is the operator of the joint venture and any participant that does not fund its proportionate share of expenditures is subject to dilution.

Joint venture agreement and operator agreement for the Gurara projects

Moydow entered into a joint venture agreement with Zinariya Holdings Limited ("Zinariya"), Gurara Holdings Limited ("Gurara") and PW Nigeria Mining Limited ("PW Mining") dated July 20, 2020 (the "Gurara JVA"). Pursuant to the Gurara JVA, Moydow has the right to earn up to a 65% interest in three projects located in Nigeria in which Gurara holds a 99.99% interest. Pursuant to the Gurara JVA: Gurara has 99.99% interest in three companies in Nigeria, each of which are the holders of exploration licenses currently in good standing; Moydow and Zinariya held an initial interest of 20% and 80%, respectively, in Gurara; Moydow had a first option to increase its interest in Gurara by spending US$1,000,000 in aggregate on qualifying project expenditures by September 20, 2021 (the "First Option"); Moydow has a second option to increase its interest in Gurara to 65% by spending a further US$1,000,000, that is US$2,000,000 in aggregate, on qualifying project expenditures by July 20, 2023 (the "Second Option"); the joint funding period ("Joint Funding Period") follows the First Option, if the Second Option is not exercised, or the Second Option, if exercised; during the Joint Funding Period, any non-contributing participant will be diluted.

Moydow has exercised the First Option. Moydow may elect not to earn the Second Option, but has not yet made this determination. Pursuant to the Gurara Operating Agreement, PW Mining is the operator of the Gurara JVA and shall prepare budgets, reports, cash calls and work as instructed by the board of directors of Gurara.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MD&A OF MOYDOW

Moydow was incorporated on May 28, 2019 and has a fiscal year end of December 31. The following table presents certain selected financial data of Moydow for the year ending December 31, 2020 and the period from May 2019 to December 31, 2010 and of Moydow for the nine months ended September 30, 2021. The selected financial information has been derived from Moydow's audited consolidated financial statements for the fiscal year ended December 31, 2020 and the period ending December 31, 2019 and from Moydow's reviewed unaudited consolidated condensed interim financial statements for the nine months ended September 30, 2021. Moydow's financial statements, copies of which are attached as **Schedules F** and **H** to this Circular, were prepared in accordance with IFRS.

	Nine months period ended September 30, 2021 ($) (unaudited)	**Year ended December 31, 2020 ($) (audited)**	**Period ended December 31, 2019 ($) (audited)**
Total comprehensive loss	(2,146,083)	(1,260,023)	(406,141)
Current assets	374,591	1,691,336	-
Total assets	4,556,404	5,109,902	2,526
Total liabilities	861,733	193,785	408,666
Accumulated deficit	(3,828,880)	(1,666,164)	(406,141)
Shareholders' equity (deficit)	3,694,671	4,916,117	(406,140)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Moydow's Management Discussion and Analysis for the year ended December 31, 2020 and for the nine months period ended September 30, 2021 and are presented in **Schedule G** and **I** respectively to this Circular.

TRENDS

Other than as described below and herein, Moydow is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon Moydow's future revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to not be indicative of future operating results or financial condition.

The coronavirus COVID-19 ("**Covid-19**") has been declared a global pandemic (the "**Pandemic**") by the World Health Organisation in 2020. Covid-19 has continued to spread, impacting people, workforces, economies and businesses. It

is not possible for Moydow to predict the duration and magnitude of the adverse results of the Pandemic and its effects on the business of Moydow or the ability to raise funds, but it has had a negative impact on progress. Moydow will be required to mobilise people, equipment and materials for the Labola Gold Project exploration programs. Further progress may be impacted due to delays in raising funds, disruptions in supply chain, and mobility restrictions, amongst others, as a direct or indirect consequence of the Pandemic.

DESCRIPTION OF SECURITIES

The authorized capital of Moydow consists of an unlimited number of Moydow Shares without par value. The holders of Moydow Shares are entitled to dividends, if, as and when declared by the Moydow Board, entitled to one vote per share at meetings of the Moydow Shareholders and, upon dissolution, entitled to share equally in such assets of Moydow as are distributable to the holders of Moydow Shares. The Moydow Shares may be divided into such number of classes and series as the directors by resolution from time to time determine, and until so divided shall comprise one class and series.

Consolidated Capitalization

Moydow Shares

The following table sets forth the share capital of Moydow as at December 31, 2020, September 30, 2021, and date of the Circular:

Designation of Security	Amount Authorized or to be Authorized	Amount outstanding as of December 31, 2020	Amount Outstanding as of September 30, 2021	DATE OF CIRCULAR
Moydow Shares[1]	Unlimited	6,050,000	6,800,000	7,150,000

Subsequent to the period ended September 30, 2021, Kiernan exercised 350,000 share options to increase total issued and outstanding shares to 7,150,000. 4,150,000 shares are subject to the terms of the Minority Share Exchange Agreements and the Kiernan Exchange Agreement. Out of the remaining 3,000,000 shares all owned by Panthera, 500,000 shall be cancelled on Closing and in exchange Panthera will receive 50,000 shares in Maniger.

Stock Options

As of the date of this Circular, the following Moydow Options are outstanding:

Number of Options	Exercise Price	Expiry Date
300,000(1)	US$1.00	2026(1)
100,000(2)	US$1.00	2026(2)

Note:

(1) These Options vested immediately upon granting

(2) These Options vest on a change of control or a going public transaction.

The Moydow Options are subject to the terms of the Moydow Options Exchange Agreements.

Warrants

As of the date of this Circular, the 210,000 Moydow Warrants had expired unexercised.

PRIOR SALES

The following table summarizes the issuances of Moydow securities during the 12-month period prior to the date of this Information Circular:

Date of Issuance	Number and Type of Securities	Price	Purpose of Transaction
October 12, 2021	350,000 Moydow Shares	US$1.00	Exercise of Stock Options
August 19, 2021	250,000 Moydow Shares	US$1.00	Exercise of Stock Options
March 30, 2021	500,000 Moydow Shares	US$1.00	For interest in Kalaka Property

DIRECTORS AND OFFICERS OF MOYDOW

The following are the current officers and directors of Moydow:

Name, Jurisdictionof Residence and Position	*Principal Occupation or employment and occupation during the past 5 years*	*Previous Service as a Director/Officer*	*Number of Common Shares beneficially owned, or controlled or directed, directly or indirectly*
Brian Kiernan, Director and Executive Chairman Ireland	Executive Chairman of Moydow and Executive Chairman of Minerex Drilling Contractors Ltd.	Director since 2019	3,350,000
Mark Bolton, Director	CEO and director, Panthera Resources Plc., a controlling shareholder of Moydow.	Director since 2020	(1)(2)
Al Gourley, Director London, England	Regional Managing Partner, Fasken Martineau LLP (London)	Director since 2019	100,000(2)
James Hannon, CFO	Principal at Eurocap Financial Limited.	CFO since 2020	50,000(2) (3)

Note:

(1) Mark Bolton is a director and the Chief Executive Officer of Panthera Resources Plc. which owns 3,000,000 common shares of Moydow.

(2) Director or Officer also own 100,000 stock options with an exercise price of US$1 each.

(3) James Hannon ceased to be an Officer and employee of Moydow in April, 2022.

EXECUTIVE COMPENSATION

Name of Executive	**Compensation (FY 2020)**
Brian Kiernan, Executive Chairman	US$ 47,247
James Hannon, Chief Financial Officer	US$ 133,387(1)

(1) Part of James Hannon's remuneration was earned by an entity which he controls and prior to the date of becoming the CFO of Moydow.

PRINCIPAL SECURITY HOLDERS

The following table sets forth information as known to DFR with respect to each securityholder anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Transaction:

Name and Municipality of Residence	Number and Percentage of Moydow Shares[(1)]	Owned of record only, beneficially only, or both of record and beneficially
Brian Kiernan	3,350,000 (46.85%)[(2)]	Owned beneficially and of record

(1) Panthera currently owns 3,000,000 Moydow Shares. After giving effect to the Transaction and the restructuring of Moydow, Panthera will hold a 20% interest in Moydow and will not be a shareholder of DFR.

(2) The 3,350,000 Moydow Shares held by Kiernan will be exchanged for 55,141,000 DFR Shares pursuant to the Kiernan Exchange Agreement.

LEGAL PROCEEDINGS

There are no legal proceedings material to Moydow to which Moydow is a party or of which any of its property is the subject matter and Moydow does not know of any pending legal proceedings.

AUDITOR

Davidson & Company LLP, Chartered Professional Accountants are the auditors of Moydow. Davidson & Company LLP's offices are located at 1200 – 609 Granville Street, P.O. Box 10372, Vancouver, B.C. V7Y 1G8.

TRANSFER AGENT AND REGISTRAR

Moydow acts as its own registrar and transfer agent.

OTHER MATERIAL CONTRACTS

Moydow is party to the following other material contracts, excluding contracts entered into in the ordinary course of business.

Management services agreement with Minerex Limited.

Minerex Limited. is a company controlled and managed by Kiernan, and as such is a related party. Pursuant to the agreement which is valid until December 31, 2022, Minerex Limited. shall provide management services to Moydow for a total annual consideration of US$ 60,000 (US$ 5,000 per month) payable monthly.

Copies of the Property Agreements and Other Material Contracts may be inspected without charge during regular business hours at the offices of Moydow.

INFORMATION CONCERNING THE RESULTING ISSUER

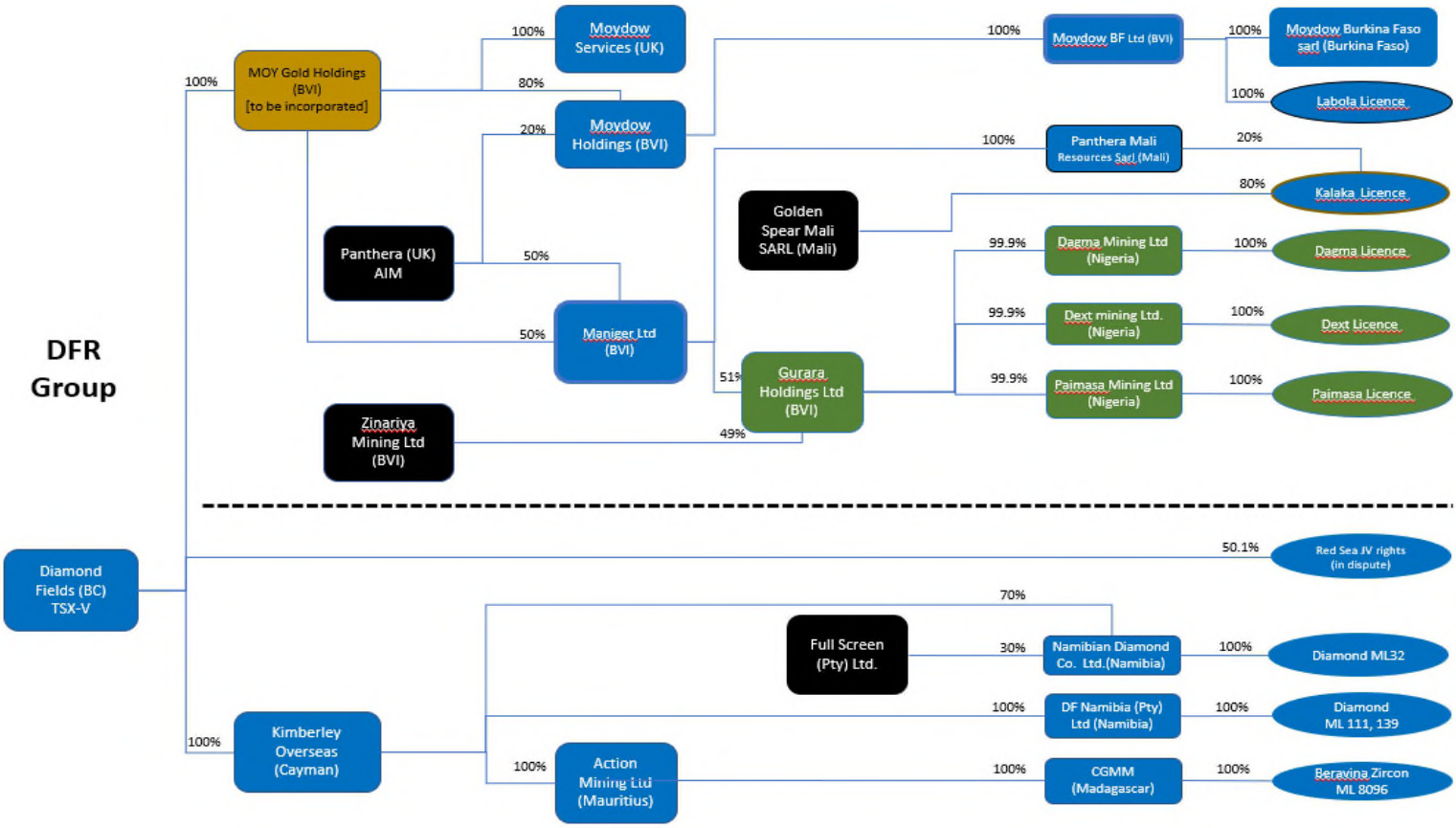
The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. As the Resulting Issuer will be the same corporate entity as DFR, this section only includes information respecting DFR after the Transaction that is materially different from information provided earlier in this Circular regarding DFR pre-Closing. See the various headings under "Information Concerning DFR" for additional information regarding DFR. See also the Pro Forma Financial Statements of the Resulting Issuer attached hereto as ***Schedule J****.*

NAME AND INCORPORATION

The Resulting Issuer will continue to be a corporation governed by the provisions of the BCBCA. It is expected that the registered office of the Resulting Issuer will be located at 2900-550 Burrard Street, Vancouver, B.C. V6C 0A3, Canada and its principal business office will be located at 223, Lotissement Le Mahé, Beau Vallon, Mauritius.

INTERCORPORATE RELATIONSHIPS

Following completion of the Transaction, the Resulting Issuer will have the following corporate structure:



NARRATIVE DESCRIPTION OF THE BUSINESS

Principal Business

Upon completion of the Transaction, the Resulting Issuer's business will be that of a West African Gold Explorer focussing on the further exploration and development of the Labola Gold Project (the "**Resulting Issuer Labola Gold Project**"). See "Information Concerning Moydow – The Labola Gold Project" for details of the Labola Gold Project. The assets of the Resulting Issuer will comprise the **Labola Gold Project** and the **Other Moydow Properties** and the **Existing DFR Assets**. The Resulting Issuer will focus on the exploration and advancement of the Resulting Issuer Labola Gold Project as set out below.

BUSINESS OBJECTIVES AND MILESTONES

Stated Business Objectives

The Resulting Issuer's objective, using the funds available to it on the Effective Date, is to further explore, and if warranted, develop the Resulting Issuer Labola Gold Project with the goal of defining an economically recoverable mineral resource and increasing shareholder value.

Historic exploration has identified seven structures with mapped strike lengths of 15 to 25 km. These structures have been traced down dip to 100 m and remain open below this. The recent work has focussed on a small portion of these structures. The next phase of activity will infill and increase drill density with the objective of expanding the resource

base. The program is also intended to verify the continuity of the identified structures along strike and to assess the upside potential of the mineralised corridor. The Resulting Issuer's intended long-term objectives include raising the funds necessary to carry out exploration activities on the Resulting Issuer Labola Gold Project, and to acquire other projects, and if warranted, carry out exploration activities on such projects.

Milestones

The principal milestones that must occur for the stated short-term business objectives described above to be accomplished are as follows:

Milestone	Target Commencement Date	Target Completion Date	Estimated Cost
Completion of Phase 1 Exploration Program pursuant to Labola Report	June 2022	November 2022	US$1,000,000
		Total	US$1,000,000

Exploration and Development

The Resulting Issuer intends to continue the exploration activities on the Resulting Issuer Labola Gold Project. Details of the Labola Gold Project are described above under the heading, "Information Concerning Moydow – The Labola Gold Project".

DESCRIPTION OF THE SECURITIES

The authorized capital of the Resulting Issuer will consist of an unlimited number of DFR Shares without par value. Following completion of the Transaction, excluding any Resulting Issuer Shares issued in connection with the exercise of convertible securities, 178,940,222 Resulting Issuer Shares are expected to be issued and outstanding. The rights and restrictions attached to the Resulting Issuer Shares are identical to those of the DFR Shares, as described above under the heading "Information Concerning DFR – Description of Securities".

In addition, following completion of the Transaction, if unexercised, 8,950,000 Options of DFR will remain outstanding, as follows:

Number of Options	Exercise Price	Expiration Date
2,362,800	$0.145	10 days following Closing[(1)]
719,200	$0.145	90 days following Closing[(2)]
400,000	$0.145	April 2, 2023
968,000	$0.145	August 27, 2023
4,500,000	[(3)]	[(3)]

Note:

(1) Options held by certain directors of DFR would have expired on 12 December 2021, but due to their expiry occurring during a trading halt period, the new expiry date, if unexercised, shall be within 10 business days after the DFR shares resume trading on the TSXV (following Closing)

(2) Options held by certain directors of DFR who will not be directors of the surviving entity will expire, if unexercised 90 days after Closing. Reference is made to the subheading "Fully Diluted Share Capital" and "Options to Purchase Securities" for options that will continue to exist following Closing.

(3) Pursuant to the McGloin Employment Agreement, immediately following the Closing, John McGloin, CEO, is to be granted 4,500,000 stock options at the lowest price permitted by the policies of the TSXV (subject to a minimum price of $0.185).

PRO-FORMA CONSOLIDATED CAPITALIZATION

The following table sets out the pro forma share capital of the Resulting Issuer, on a consolidated basis after giving effect to the Transaction, based upon the foregoing tables and the pro-forma consolidated statement of financial position of the Resulting Issuer attached hereto as **Schedule J**:

Designation of Security	Amount Authorized or to be Authorized	Amount outstanding after giving effect to the Transaction
DFR Shares	Unlimited	178,781,472 [(1)(2)]
DFR Options	17,800,000	8,950,000[(3)]

Notes:
(1) On an undiluted basis.
(2) For details of fully diluted share capital of the Resulting Issuer at Closing, see below under the heading "Fully Diluted Share Capital".
(3) Pursuant to the McGloin Employment Agreement, immediately following the Closing, John McGloin, CEO, is to be granted 4,500,000 stock options at the lowest price permitted by the policies of the TSXV (subject to a minimum price of $0.185).

FULLY DILUTED SHARE CAPITAL

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Transaction:

	Number of Shares	Percentage (%)
Shares held by DFR Shareholders	80,262,329	42.7%
Shares issued for 4,150,000 Moydow Shares	68,309,000	36.3%
Shares issued for Moydow Options	3,571,320	1.9%
Shares issued for Founder Subscriptions	6,160,073	3.3%
Shares issued for New Financing	19,891,375	10.6%
Shares issued for Insider Debt Settlements	746,125	0.4%
DFR Options	8,950,000	4.8%
Fully-Diluted Total	**187,890,222**	**100%**

Note:
(1) 2,362,800 options will expire, if unexercised, 10 days following Closing, their expiry date falling within the black-out period prior to Closing, and 719,200 options held by the resigning directors will expire, if unexercised, 90 days following the Closing of the Transaction. 5,868,000 options granted to directors and officers will remain outstanding.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Funds Available

The following table sets out information respecting the Resulting Issuer's sources of funds and intended uses of such funds upon completion of the Transaction. The amounts shown in the table are estimates only and are based upon the information available to DFR as of the date hereof. The intended uses of such funds and/or the Resulting Issuer's development capital needs may vary based upon a number of factors.

Sources of Funds	US$	
Estimated working capital of DFR as at September 30, 2021	187,481	
Estimated working capital of Moydow as at September 30, 2021	(487,142)	
Founder Subscription Agreements	1,336,736	
Exercise of MOY options (pursuant to Transaction Agreements)	350,000	
New Financing	3,132,500	
Insider Debt Settlements	117,500	
Exercise of DFR Options	80,000	(1)
Exercise of DFR Options	378,000	(1)
Estimated funds available to the Resulting Issuer upon completion of the Transaction	**5,095,075**	

Note:

(1) On March 11, 2022, the Corporation announced that 700,000 DFR Options have been exercised for approximately US$80,000, it is estimated that US$320,000 proceeds from the exercise of DFR Options will be received within ten (10) business days following and US$58,000 within 90 days following Closing.

Principal Purposes

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use its available funds on completion of the Transaction. See "Stated Business Objectives".

Use of Funds	**US$**	
Estimated Transaction Costs (Listing fees, legal and audit expenses, etc.) other than as included under item cash outflows from October 1, 2021 until Closing above	439,000	
Working Capital from October 1, 2021 to Closing	777,000	
Property expenditures from October 1 to Closing	854,000	(1)
General and administrative expenses for the next 6 months	1,029,000	(2)
Exploration of the Resulting Issuer Labola Gold Project	1,327,000	(3)
Other Property expenditures	306,000	(4)
Unallocated working capital to fund ongoing operations	363,000	
Total	5,095,000	

Notes:

(1) Includes all projects/property expenses from October 1, 2021 until May 31, 20222

(2) Includes salaries, consulting fees, listing related and general administrative expenses until November 30, 2022.

(3) Estimate includes US$ 1,000,000 phase 1 of the forthcoming exploration programme, administrative, general expenses, statutory and contractual payments associated with the Labola project for the six months following Closing

(4) Includes contractual and statutory payments for DFR's and Moydow's properties mainly Kalaka and Beravina, with minor compliance costs for Namibia, Red Sea and Nigeria projects.

There may be circumstances where, for sound business reasons, the Resulting Issuer reallocates the funds. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer will be available if required.

SELECTED PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table summarizes selected pro-forma consolidated financial information for the Resulting Issuer. The information should be read in conjunction with the Resulting Issuer's pro-forma consolidated statement of financial position and related notes and other financial information included as **Schedule J** to this Circular.

	DFR (unaudited) as at September 30, 2021 US$	Moydow (unaudited) as at September 30, 2021 US$	Pro-forma adjustents US$	Pro-forma consolidated as at September 30, 2021 US$
Cash	600,387	368,895	4,469,236	5,438,518
other current assets	29,189	5,696	-	34,885
Non-current assets	-	4,181,813	(4,138,827)	42,986
Total Assets	**629,576**	**4,556,404**	**330,409**	**5,516,389**
Current liabilities	442,095	861,733	(117,500)	1,186,328
Share Capital	56,848,151	6,984,550	8,149,346	71,982,047
Reserves and (deficits)	(56,660,670)	(3,289,879)	(10,338,227)	(70,288,776)
Owners' interests	**187,481**	**3,694,671**	**(2,188,881)**	**1,693,271**
Non-controlling interest	-	-	2,636,790	2,636,790

DIVIDENDS OR DISTRIBUTIONS

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the DFR Shares following Closing. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any. The directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. All of the DFR Shares will be entitled to an equal share in any dividends declared and paid.

PRINCIPAL SECURITYHOLDERS

The following table sets forth information as known to DFR with respect to each securityholder anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Transaction:

Name and Municipality of Residence	Number and Percentage of Resulting Issuer Shares owned after giving effect to Transaction[(1)]	Owned of record only, beneficially only, or both of record and beneficially
Spirit Resources SARL [(2)] Luxembourg	70,995,597 (39.7%)	Owned beneficially and of record
Brian Kiernan Dublin	66,338,465 (37.1%)	Owned beneficially and of record

Notes:
(1) On a non-diluted basis.
(2) A company controlled by M. Jean Raymond Boulle

DIRECTORS, OFFICERS AND PROMOTERS

In connection with the completion of the Transaction, John McGloin, Sybrand Van Der Spuy, Bertrand Boulle, Al Gourley and David Reading will remain as directors. In addition, Jean Lindberg Charles will remain as Chief Financial Officer of the Resulting Issuer. Norman Roderic Baker, Francois Colette and Philip Murphy will be resigning as directors in favour of Brian Kiernan, Carlo Baravalle and Len Comerford.

The following table sets out the name, municipality and province of residence, position with the Resulting Issuer, current principal occupation, the date such person became a director or officer of DFR and the number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's proposed directors and officers following the completion of the Transaction:

Name, Municipality of Residence and Position(s) Held	Principal Occupation Over the Past 5 Years	Director or Officer of DFR Since	Resulting Issuer Shares Outstanding at Closing	
			Number of Shares	Percentage (%)[1]
Sybrand Van Der Spuy, COO, Director Pretoria, Gauteng, South Africa	Independent Business Consultant & Project Manager since 2011; Director of Raphael Fishing Company Ltd; Principal in Goodharbor Consulting (UAE).	Director since May 30, 2014	400,000	0.22%
John McGloin, CEO, President and Director Bishop's Stortford, England	Director, Perseus Mining Ltd. (2016 to date); Director, Cornish Metals (2020 to date); Director, Oriole Resources (2018 to 2022[4]); Director, Caledonia Mining (2016 to 2022[5]); Founder and Principal, Amphi Capital (2016 to date)	Director since January 1, 2022	635,000	0.36%
Albert C. Gourley[2][3] Director London, United Kingdom	Regional Managing Partner, Fasken Martineau LLP (London). Director , Trident Royalties Plc (May 2020 to date); Director, Pelangio Exploration Inc. (August 2020 to date)	Director since November 7, 2016	5,247,580	2.93%
Bertrand Boulle[2] Director Tamarin, Black River, Mauritius	International Stockbroker; Director of various Investment Dealers in the EU; Principal of Investors Europe (Mauritius) Ltd.	Director since December 12, 2016	158,750	0.09%
David Reading Director Sevenoaks, Kent, United Kingdom	At present: Special advisor to Roscan Gold Corporation and consulting geologist for various groups; Jan 2018 – April 2020: Special advisor to Continental Gold, CEO and board on all geology and exploration work until sale to Zijin Mining Corporation;	Director since February 5, 2018	1,463,330	0.82%

Name, Municipality of Residence and Position(s) Held	Principal Occupation Over the Past 5 Years	Director or Officer of DFR Since	Resulting Issuer Shares Outstanding at Closing	
			Number of Shares	Percentage (%)[1]
	2017: Consulting geologist for HPX and Cordoba Minerals; 2013 – 2017: NED of Cordoba Minerals;			
Brian Kiernan Non-Executive Chairman and Director	Currently Executive Chairman of Moydow Holdings Ltd. (since incorporation, May 28, 2019).	Proposed Director and Chairman of the Board	66,338,465	37.07%
Leonard Comerford Director	Currently Chief Executive Officer of PW Mining (since December 2010), a contract mining and civil engineering firm operating across Africa.	Proposed Director	3,363,676	1.88%
Carlo Baravalle Director	Currently Director (and co-founder) of AMED Funds since January 2012.	Proposed Director	Nil	0%
Jean Charles **CFO**	CFO and Secretary of DFR since February 2018. CFO of Afritex Ventures, a regional fishing company in eastern Africa from January 2017 to February 2018.		1,384,849	0.77%
Total			**78,832,900**	**44.14%**

Notes:
(1) On an undiluted basis based on 178,940,222 Resulting Issuer Shares issued and outstanding
(2) Proposed member of Audit Committee
(3) The shares are held by Albert C. Gourley Professional Corp., an entity controlled by Albert C. Gourley
(4) John McGloin resigned as a director and chairman of the board of Oriole Resources effective February 17, 2022
(5) John McGloin resigned as a director of Caledonia Mining effective February 28, 2022.

At Closing, it is anticipated that the directors and officers of the Resulting Issuer, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 78,832,900 DFR Shares personally, representing 44.1% of the issued and outstanding Resulting Issuer Shares on an undiluted basis. Each director's term of office shall expire at the next annual meeting of the Resulting Issuer shareholders unless re-elected at such meeting.

Management

The following is a brief description of the proposed key members of management of the Resulting Issuer.

Brian Kiernan: Non-Executive Director and Chairman

Brian Kiernan is currently the Executive Chairman of Moydow Holdings Limited and also the Chairman of Minerex Drilling Contractors Limited, a privately owned West African drilling contractor. Brian has over 25 years' experience in the exploration and mining business in Africa and North America. Previously, Brian Kiernan was CEO of the successful exploration and development company Moydow Mines International Inc. where he oversaw the discovery and development of a world class gold deposit, Subika, which is now a Newmont mine called Ahafo.

John McGloin: CEO, President and Director

Mr. McGloin brings a wealth of experience in the mining and exploration industry. He was previously the Chairman and Chief Executive officer of Amara Mining as it progressed its Yaoure project in Côte d'Ivoire from discovery through to feasibility study and oversaw a growth in the resource base from 200,000 oz to over 6 million oz prior to Amara's acquisition by Perseus Mining.

Mr. McGloin is a geologist and a graduate of Camborne School of Mines and spent his early career working in the mining industry across the African continent. He is also experienced in global financial markets having been the former Head of Mining at Arbuthnot Securities and Collins Stewart and has served as a non-executive director on a number of mining and exploration companies listed in Toronto, New York and London. Mr. McGloin is currently a non-executive director of Perseus Mining Limited and Cornish Metals Inc..

Sybrand van der Spuy: COO and Director

Sybrand Van Der Spuy retired as a Lieutenant Colonel from the South African National Defence Force in 1998. His career subsequently developed at an international level in the management of projects and the mitigation of operational risk within the Mining and Oil and Gas industries. He has also served as strategic consultant to various governments with respect to operational and critical infrastructure requirements following extensive Middle Eastern and African experience in these areas.

Jean Lindberg Charles: CFO, Secretary

Jean Lindberg Charles is an experienced CFO and financial manager with more than 20 years' experience in the mining, fishing and leisure industries across Africa. Prior to his appointment as DFR's CFO in 2018, he was CFO of Afritex, a group engaged in the harvesting of fish and other seafood in Mauritius and Mozambique for export worldwide. Between 2005 and 2014 Mr. Charles held a number of senior positions, including CFO, at Sierra Rutile Limited, an AIM listed mining company producing rutile and zircon in Sierra Leone that was acquired by lluka Resources in 2016.

Carlo Baravalle: Non-Executive Director

Carlo Baravalle co-founded AMED Funds, a private equity manager focused on mineral resource investments, which has raised and invested approximately $0.5bn in the last 10 years. One of three founding partners, he leads the structuring, financial and tax aspects of the investments, in addition to the structuring and operations of the Fund, investor relations and compliance. He holds an MBA from INSEAD and has held numerous roles in the European and North American telecoms industry, including Director of the Corporate Finance Telecoms team at Warburg. In 2006 he co-founded NCP, a private equity fund of funds aimed mainly at Italian institutional investors, which raised over US$150m and is successfully invested in mid-cap and restructuring funds and co-investments globally.

Bertrand Boulle: Non-Executive Director

Bertrand Boulle was born in Mauritius, educated in South Africa and the United Kingdom and worked for De Beers and various independent diamond producers in the Democratic Republic of Congo, Angola, Sierra Leone and Guinea Conakry. Mr. Boulle has over 20 years' management experience as a senior executive in global financial markets within the EU and Mauritius.

Len Comerford: Non-Executive Director

Len Comerford is Chief Executive Officer of PW Mining, a contract mining and civil engineering construction firm which operates across Africa. He is a Civil Engineer with more than 30 years' experience in countries as diverse as Ghana, Burkina Faso, Mali, Tanzania, Nigeria, Cote D'Ivoire, Republic of Congo and Sierra Leone where he has negotiated, and executed major mining, civil and offshore engineering contracts. He was also previously Chief Executive Officer of Sierra Rutile Limited (previously Titanium Resources Group).

Al Gourley: Non-Executive Director

Albert C. Gourley is an experienced mining director and executive who was Chairman of DFR's Board from 2016 until closing of the Transaction. He currently serves as the London, UK, Regional Managing Partner of Fasken Martineau LLP, a leading mining law firm, and is a globally recognized resource lawyer.

David Reading: Non-Executive Director

David Reading has over 35 years' experience in the mining industry covering all stages of mine development, including exploration, feasibility, financing, construction and operations. He has an MSc in Economic Geology and is a Fellow of the Institute of Materials, Minerals and Mining. His previous positions include CEO of Aureus Mining, CEO of European Goldfields and General Manager of African exploration for Randgold Resources. In addition, Mr. Reading has held senior exploration and project development positions for Anglo American and Phelps Dodge. In these roles, Mr. Reading has overseen the financing and development of numerous mines across the world, including several in Africa.

Promoter Consideration

Spirit has taken the initiative in substantially reorganizing the business of DFR and can be considered the promoter of DFR.

The number and percentage of Resulting Issuer Shares that will be owned, controlled or directed by Spirit is disclosed under the heading "Information Concerning the Resulting Issuer – Principal Securityholders".

Cease Trade Orders, Bankruptcies and Penalties or Sanctions

Corporate Cease Trade Orders

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been, within 10 years before the date of this Circular, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the issuer access to any exemptions under applicable Securities Laws, for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

For the purposes of subsections (a) and (b) above, "order" means (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Bankruptcies

To the knowledge of the Resulting Issuer, no director or proposed director of the Resulting Issuer:

(a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Resulting Issuer) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or proposed director.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has

(a) been subject to any penalties or sanctions imposed by a court relating to Securities Laws or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Conflicts of Interest

Directors and officers of the Resulting Issuer may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the BCBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of the Reporting Issuer	Market	Position(s) with Other Issuer	From	To
John McGloin, CEO, President and Director	Perseus Mining Ltd., Australia	ASX, TSX	Director	April 19, 2016	present
	Cornish Metals Inc., Canada	TSXV, AIM	Director	October 27, 2020	present
	Oriole Resources Plc, England	AIM	Chairman of the board	September 3, 2018	February 17, 2022
	Caledonia Mining Corporation Plc, Jersey	NYSE, AIM	Director	July 26, 2016	February 28, 2022
Al Gourley, Director	Trident Royalties Plc, UK	AIM	Director	May 4, 2020	Present
	Pelangio Exploration Inc., Canada	TSXV	Director	August 20, 2020	Present

EXECUTIVE COMPENSATION

The compensation for each NEO of the Resulting Issuer for the 12 month period following completion of the Transaction shall be finalized subsequent to Closing. The Resulting Issuer will disclose the terms of any agreements entered into with any NEOs at the time such agreements are entered into.

Summary Compensation Table

The Resulting Issuer expects to pay compensation to its NEOs upon completion of the Transaction, however the details of such compensation will not be determined until a meeting of the board of directors of the Resulting Issuer subsequent to the completion of the Transaction.

Name and Principal Position	Salary (US$)	Share-based Awards ($)	Option-based Awards ($)	Non-equity Incentive Plan Compensation ($)		Pension Value (US$)	All Other Compensation(US$)	Total Compensation (US$)
				Annual Incentive Plans (US$)	Long-term Incentive Plans			
John McGloin Chief Executive Officer and Director	$350,000		(1)	$150,000(2)	Nil	Nil	Nil	$500,000(2)
Sybie Van Der Spuy President, Chief Operating Officer and Director	$150,000	Nil	Nil	$108,000(3)	Nil	Nil	Nil	$259,000
Jean Charles Chief Financial Officer and Secretary	$124,500	Nil	Nil	$108,000(3)	Nil	Nil	Nil	$232,500

Notes:

(1) Pursuant to the terms of the McGloin Employment Agreement, the Corporation is required to issue 4,500,000 stock options pursuant to the DFR Stock Option Plan to the CEO immediately following the Closing at the lowest price permitted under the policies of the TSXV (subject to a minimum price of $0.185), which options shall be subject to vesting over a period of three years in equal tranches.

(2) Pursuant to the terms of the McGloin Employment Agreement, the CEO may be awarded a bonus payment of up to US$150,000 in the discretion of the compensation committee.

(3) Discretionary bonus awarded by the Board.

Employment/Consulting Contract

Reference is made to the heading "Information Concerning DFR for the Meeting – Executive Compensation – subheadings "Termination and Change of Control Benefits" and "Management Contracts". Pursuant to the employment agreement effective January 1, 2022 between DFR and John McGloin (the "**McGloin Employment Agreement**"), John McGloin was engaged as CEO of DFR in consideration for the payment of a basic salary of US$350,000 per year, a bonus payment of up to US$150,000, subject to the discretion of the compensation committee, and the granting of 4,500,000 stock options exercisable at the lowest exercise price permitted by the policies of the TSXV (subject to a minimum price of $0.185). The CEO is entitled to 12 months prior written notice in the event of termination. In addition, the CEO is required to purchase DFR Shares in the market or from treasury on annual basis with a value of US$65,000 pursuant to a formula set out in the McGloin Employment Agreement.

Termination and Change of Control Benefits

Reference is made to the heading "Information Concerning DFR for the Meeting – Executive Compensation – Termination and Change of Control Benefits".

Other than as noted above, the Resulting Issuer has no compensatory plan or arrangement with respect to the Named Executive Officers that results or will result from the resignation, retirement or any other termination of employment of any such officer's employment with the Resulting Issuer, from a change of control of the Resulting Issuer or a change in the responsibilities of a Named Executive Officer following a change in control.

Compensation of Directors

Upon completion of the Transaction, it is expected that the Resulting Issuer will provide compensation to all directors of the Resulting Issuer who are not also NEOs, pursuant to standard arrangements for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments. However, the terms have yet to be determined.

Options Granted to Directors

Upon completion of the Transaction, it is expected that Resulting Issuer Options will be granted by the Resulting Issuer to directors who are not also NEOs upon completion of the Transaction; however, the terms and intended recipients have yet to be determined.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of DFR, nor any proposed director or officer of the Resulting Issuer, is or has been indebted to DFR at any time.

INVESTOR RELATIONS ARRANGEMENTS

DFR has a written agreement with **AURA Financial LLP** to provide investor relations services to the Resulting Issuer for a monthly fee.

OPTIONS TO PURCHASE SECURITIES

At Closing, the Resulting Issuer is expected to have the following DFR Options outstanding to officers and directors of the Resulting Issuer:

Persons who will hold Options upon completion of the Transaction	**Number of Options**	**Exercise Price**	**Expiry Date(4)**	**Current Market Value of Resulting Issuer Shares under Option**[(1)]
All proposed officers of the Resulting Issuer, as a group (4 persons)[(2)]	1,182,000	C$0.145	12 December 2021	Nil
	768,000	C$0.145	27 August 2023	Nil
	4,500,000	To be determined	To be determined	Nil
All proposed directors of the Resulting Issuer who are not also proposed officers, as a group (2 persons)[(3)]	400,000	C$0.145	12 December 2021	Nil
	400,000	C$0.145	5 February 2023	Nil
	200,000	C$0.145	27 August 2023	Nil
Total	**7,450,000**			**Nil**

Notes:
(1) Calculated using the $0.185 share price preceding the trading halt on August 24, 2025.
(2) Sybrand Van Der Spuy, Jean Lindberg Charles and John McGloin
(3) Bertrand Boulle and David Reading
(4) Certain options with expiry date December 2021 will be exercisable within 10 business days following the Closing of the Transaction

STOCK OPTION PLAN

Assuming DFR Shareholders approve the increased allocation of DFR Shares to its Fixed Stock Option Plan at the Meeting, the Resulting Issuer will maintain the DFR Stock Option Plan as described above under the heading "Information Concerning DFR for the Meeting – Fixed Stock Option Plan" and "Particulars of Matters to be Acted on at the Meeting - Approval of Amendment to Fixed (Less Than 10%) Stock Option Plan".

LEGAL PROCEEDINGS

To the best of management's knowledge, there are no material pending legal proceedings to which DFR or the Resulting Issuer is or is likely to be a party, or of which any of its property is the subject matter after giving effect to the Transaction.

AUDITORS

Davidson & Company LLP, Chartered Professional Accountants are the auditors of DFR. Davidson & Company LLP's offices are located at 1200 – 609 Granville Street, P.O. Box 10372, Vancouver, B.C. V7Y 1G8.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc., who is currently DFR's registrar and transfer agent, will serve as the Resulting Issuer's registrar and transfer agent. Transfers of the securities of the Resulting Issuer may be recorded at registers maintained by Computershare Trust Company of Canada at its Toronto office located at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

The only material contracts to which the Resulting Issuer will be a party are described under the section entitled "Information Concerning DFR - Material Contracts".

INTERESTS OF EXPERTS

The following is a list of persons or companies whose profession or business gives authority to a statement made by such person or company named in this Circular as having prepared or certified a part of that document or report described in the Circular:

(a) Davidson & Company LLP, Chartered Professional Accountants, auditors of DFR, who prepared the auditors' report dated April 30, 2021 for DFR's audited financial statements for the year ended December 31, 2020, the six month period ended December 31, 2019 and the year ended June 30, 2019; and the auditors' report dated April 28, 2020 for DFR's audited financial statements for the six month period ending December 31, 2019 and the year ended June 30, 2019. They are independent as determined by the rules of the Institute of Chartered Professional Accountants of British Columbia.

(b) David Reading, M.Sc., FIMM acts as Qualified Person for the technical disclosure in this Circular relating to the Existing DFR Assets and the Other Moydow Properties. Mr. Reading is a director of DFR.

(c) Ivor W. O. Jones, M.Sc., P. Geo, FAusIMM, Alan Riles, B.Met, M. EconGeol, Grad Dip Prof Mgt, M.AIG and John Asofo-Akowaah, M.S., MAIG co-authors of the Labola Report which is available on SEDAR under the profile for DFR.

(d) Davidson & Company LLP, Chartered Professional Accountants, auditors of Moydow, who prepared the auditors' report dated April 29, 2022 for the audited financial statements of Moydow for the year ended December 31, 2020 and the period from incorporation on May 28, 2019 to December 31, 2019. They are independent as determined by the rules of the Institute of Chartered Professional Accountants of British Columbia.

OTHER MATERIAL FACTS

There are no other material facts about DFR or the Resulting Issuer that are not disclosed elsewhere in this Circular.

RISK FACTORS

The securities of DFR or the Resulting Issuer should be considered highly speculative due to the nature of the Resulting Issuer's proposed business. An investment in the Resulting Issuer is highly speculative. Such investment will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Resulting Issuer. In evaluating the Resulting Issuer and its prospective business, investors should carefully consider these risks, in addition to the other information contained in this Circular. Readers should note that this list is not a definitive list of all risk factors associated with an investment in the Resulting Issuer or in connection with the Resulting Issuer's proposed operations upon completion of the Transaction, and other events could arise that have a material adverse effect on the business of the Resulting Issuer.

RISK FACTORS ASSOCIATED WITH THE TRANSACTION

The Transaction May Not Be Completed

Each of the parties has the right to terminate the Go-Forward Agreement in certain circumstances. Accordingly, there is no certainty, nor can the parties provide any assurance that the Transaction Agreements will not be terminated before the completion of the Transaction.

In addition, the completion of the Transaction is subject to a number of conditions precedent, certain of which are outside the control of the parties, including approval of the Transaction Resolution by the Shareholders and approval of the TSXV. There is no certainty, nor can DFR provide any assurance, that these conditions will be satisfied.

If for any reason the Transaction is not completed, the market price of the DFR Shares may be adversely affected. If the Transaction is not completed and DFR cannot obtain financing for working capital requirements, the financial condition of DFR may be materially adversely affected.

Equity dilution associated with the Transaction could negatively affect share prices.

DFR will issue an aggregate of 98,677,893 DFR Shares in connection with the Transaction, the Founder Subscription Agreements, the New Financing and the Insider Debt Settlement. This represents 71,880,320 DFR Shares issuable for the Moydow Acquisition, 6,160,073 DFR Shares issuable pursuant to the Founder Subscription Agreements, 19,891,375 DFR Shares issuable pursuant to the New Financing and 746,125 shares issuable pursuant to the Insider Debt Settlements. The issuance of up to 98,677,892 DFR Shares in the aggregate will represent approximately 123% of the current number of issued and outstanding DFR Shares on closing of the Transaction and will be dilutive to DFR. The future sale of a substantial number of Resulting Issuer Shares by Brian Kiernan or Spirit or the perception that such sale could occur could adversely affect prevailing market prices for the Resulting Issuer Shares.

The unaudited pro forma consolidated financial statements of DFR are presented for illustrative purposes only and may not be an indication of DFR's financial conditions or results of operations following Closing.

The unaudited pro forma consolidated financial statements contained in this Circular are presented for illustrative purposes only as of their respective dates and may not be an indication of the financial condition or results of operations of DFR following Closing. For example, the unaudited pro forma consolidated financial statements have been derived from the respective historical financial statements of DFR and Moydow and certain adjustments and assumptions made as of the dates indicated therein have been made to give effect to the Transaction and the other respective relevant transactions. The information upon which these adjustments and assumptions have been made is preliminary and these kinds of adjustments and assumptions are difficult to

make with complete accuracy. See "Cautionary Statement Regarding Forward Looking Information". Moreover, the unaudited pro forma consolidated financial statements do not reflect all costs expected to be incurred by DFR in connection with the Transaction. For example, the impact of any incremental costs incurred in integrating DFR and Moydow is not reflected in the unaudited pro forma consolidated financial statements.

Possible Failure to Realize Anticipated Benefits of the Transaction

The success of the Resulting Issuer will depend in large part on successfully consolidating functions and integrating operations, projects, procedures and personnel in a timely and efficient manner, as well as the ability to realize the anticipated growth opportunities from the business and operations of DFR. The inability to achieve such growth could result in the failure of the Resulting Issuer to realize the anticipated benefits of the Transaction and could impair the results of operations, profitability and financial results of the Resulting Issuer. The integration of the Labola Gold Project will require the dedication of management effort, time and resources and this could divert management's focus and resources from other strategic opportunities and from operational matters during this process.

RISK FACTORS ASSOCIATED WITH THE BUSINESS OF THE RESULTING ISSUER

Limited Operating History

The Resulting Issuer is a relatively new company with a limited history of operations, business and mining operations, and no revenue generation or production history. The Resulting Issuer is subject to all of the business risks and uncertainties associated with any emerging business enterprise, including the risk that it will not achieve its growth objective. There is no assurance that the Resulting Issuer will be able to successfully complete its financing and development plans or operate profitably over the short or long term. The Resulting Issuer has incurred net losses and negative cash flow from operations to date and there is no assurance that the Resulting Issuer will earn profits, or that profitability, if achieved, will be sustained. Shareholders will have to rely on the expertise and good faith of management to identify, acquire, develop and operate commercially viable mineral projects. No assurance can be given that the Resulting Issuer's investigations and efforts will result in the acquisition and development of commercially viable mineral resources. If the Resulting Issuer's efforts are unsuccessful over a prolonged period of time, the Resulting Issuer may have insufficient working capital to continue to meet its ongoing obligations and its ability to obtain additional financing necessary to continue operations may also be adversely affected. Even if the Resulting Issuer is successful in developing one or more mineral projects, there is no assurance that these projects will be profitable.

Reliance on the Directors and Officers

The Resulting Issuer will have a small management team and the unexpected loss of any of these individuals would have a serious impact on the business. Specifically, the Resulting Issuer is dependent upon the skills of its directors and officers for the successful operation of its business. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel could have a material adverse effect on the business of the Resulting Issuer. The Resulting Issuer also relies on a team of consultants to carry out its business objectives and the unexpected loss of any of these consultants could have a serious impact on the business.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement,

subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Inability to Manage Growth

If the Resulting Issuer is unable to effectively manage its planned growth and expansion, its growth strategy could be negatively affected. Any inability to manage growth effectively could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

INDUSTRY RISK

Exploration, Development and Operating Risks

The Resulting Issuer's mining and exploration activities will involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Resulting Issuer's current and planned mineral exploration and development will be required. No assurances can be given that the Resulting Issuer will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Resulting Issuer may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Resulting Issuer or at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Fluctuating Mineral Prices and Marketability of Minerals

The economics of mineral exploration are affected by many factors beyond the Resulting Issuer's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Resulting Issuer may determine that it is impractical to continue a mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulations relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Labola Gold Project or other properties in which the Resulting Issuer has an interest.

General Economic Conditions

The events in global financial markets recently have had a profound impact on the global economy. Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions,

inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Resulting Issuer's growth.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by the broad lack of investor confidence. These factors may impact the ability of the Resulting Issuer to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Resulting Issuer. If these increased levels of volatility and market turmoil continue, the Resulting Issuer's activities could be adversely impacted and the trading price of the Resulting Issuer Shares could be adversely affected.

Competition

The mineral exploration and development industry is highly competitive. The Resulting Issuer will have to compete with other mining companies, many of which have greater financial, technical and other resources than the Resulting Issuer, for, among other things, the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. The inability to successfully compete with other mining companies for these resources could have a material adverse effect on the operation and business of the Resulting Issuer and its prospects.

Litigation

The Resulting Issuer and/or its directors may become subject to a variety of civil or other legal proceedings, with or without merit.

RISKS ASSOCIATED WITH MINERAL PROPERTY INTERESTS IN WEST AFRICA

Illegal Mining

Illegal milling continues to be a concern in West Africa. Illegal miners have and may continue to trespass on the Labola Gold Project and engage in dangerous practices including the use of mercury and dynamite in their operations, without any government regulation or oversight. The presence of illegal miners could also lead to project delays and disputes regarding the development or operation of commercial gold deposits, including disputes with governmental authorities regarding reporting of mineral resources and mine production. The illegal activities of miners could cause pollution and other environmental damage (including from the use of mercury in recovery practices by certain of these illegal artisanal miners) or other damage to the properties of the Resulting Issuer, as well as personal injury or death, for which the Resulting Issuer could potentially be held responsible, all of which could have an adverse impact on future cash flows, earnings, results of operations and financial condition.

Changes to Licensing and other Regulatory Requirements in the West African Jurisdictions

The future operations of the Resulting Issuer will be subject to licenses, regulations and approvals of governmental authorities for exploration, development, construction, operation, production, marketing, pricing, transportation and storage of oil, taxation and environmental and health and safety matters. The Resulting Issuer cannot guarantee that such licenses applied for will be granted or, if granted, will not be subject to possibly onerous conditions. Any changes to exploration and production, or production licenses, regulations and approvals, or their availability to the Resulting Issuer may adversely affect its assets, plans, targets and projections.

Licence and Permitting Risk

The current and future operations of the Resulting Issuer require licenses, approvals and permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, surface rights, environmental protection, safety and other matters, and are dependent upon the grant, or as the case may be, the maintenance of appropriate licenses, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, will depend on the Resulting Issuer being successful in obtaining required statutory approvals for the proposed activities and that the licenses, concessions, leases, permits or regulatory consents held will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

In addition, in Burkina Faso, on the second renewal of an exploration permit, the area of the permit will be reduced by at least 25%, and may be reduced further at the request of the titleholder. There can be no assurance that at the time of the renewal of any exploration permits that the perimeter of the permit will not be reduced by more than 25%. In addition, in order to mine areas covered by current exploration permits, the Resulting Issuer will need to obtain an exploitation permit or a mining concession, and there is no assurance that either will be obtained.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permitting requirements. There can be no assurance that approvals and permits required to commence production on the Resulting Issuer's mining properties or interests will be obtained. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Resulting Issuer has interests and there can be no assurance that the Resulting Issuer will be able to obtain or maintain all necessary licenses, approvals and permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Any inability to conduct mining operations pursuant to applicable authorizations could materially affect the Resulting Issuer.

Exposure to Widespread Pandemic

The Resulting Issuer's operations are situated in remote parts of Burkina Faso. The camps and operations represent a concentration of personnel working and residing in close proximity to one another. Further, the exploration sites receive frequent visitors from all over the world, and a number of expatriate employees travel frequently abroad. Should an employee or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Resulting Issuer's workforce at the sites at risk.

The 2014 outbreak of the Ebola virus in several African countries is one example of such an illness that has afforded the Resulting Issuer the practical example of how to address such scenarios in the current context of COVID-19. The Resulting Issuer will take every precaution to strictly follow industrial hygiene and occupational health guidelines, and put in place medical services along with pandemic management protocols. There can be no assurance that a similar virus or another infectious illness will not impact the Resulting Issuer's personnel and ultimately its operations.

Impact of Outbreaks of Infectious Diseases or Viruses

Global markets have been adversely impacted by emerging infectious diseases and/or the threat of outbreaks of viruses, other contagions or epidemic diseases, including the novel COVID-19, and many industries, including

the mining industry, have been impacted. The novel COVID-19 outbreak has led to a widespread crisis that is adversely affecting the economies and financial markets of many countries. If increased levels of volatility continue, or in the event of a rapid destabilization of global economic conditions, there may be an adverse effect on commodity prices, demand for metals, availability of equity or credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Resulting Issuer's business and the market price of the Resulting Issuer's securities. There are potentially significant economic and social impacts, including labour shortages and shutdowns, delays and disruption in supply chains, social unrest, government or regulatory actions or inactions, including permanent changes in taxation or policies, or the inability to explore the Labola Gold Project due to international flight restrictions or other constraints, delays in permitting or approvals, governmental disruptions or other unknown but potentially significant impacts. The Resulting Issuer cannot accurately predict what impacts there will be or what effects these conditions will have on its operations.

However, a significant number of mining companies have already shut down certain of their operations due to COVID-19 and there can be no guarantee that the operations of the Resulting Issuer could not be similarly impacted for an indefinite period of time. The ultimate geographic spread of the COVID-19 virus, the duration of the outbreak, and the length of restrictions or responses that have been, or may eventually be, imposed by governments around the world add further uncertainties around any predictions of its impact to the Resulting Issuer and its operations. However, any outbreak or threat of an outbreak of a contagious or epidemic disease could have a material adverse effect on the Resulting Issuer, its business and financial results, and the market price of its securities.

Environmental Regulations, Risks and Hazards

All phases of the Resulting Issuer's operations are subject to environmental regulation in Burkina Faso. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, and also set limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation in Burkina Faso is evolving in a manner which will likely result in stricter operating standards and enforcement, restrictions on future exploration activities and reclamation obligations, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Resulting Issuer. In addition, future spills and environmental matters may arise, and environmental hazards may exist on the properties in which the Resulting Issuer will hold interests which are unknown at present and which have been caused by previous or existing owners or operators of the properties or other third parties.

Environmental licenses, approvals and permits are currently and may in the future be required in connection with the operations of the Resulting Issuer. To the extent such licenses, approvals or permits are required and not obtained, the Resulting Issuer may be prohibited from continuing the operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable environmental 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 or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of mining activities and civil or criminal fines or penalties may be imposed for violations of applicable laws, regulations or permitting requirements.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in exploration expenses, capital expenditures or production costs, or

reduction in levels of production at producing properties, if any, or abandonment, substantial limits or delays in development of new mining properties.

Climate Change Legislation

New and/or future climate change legislation may affect our ability to continue to operate as currently operated or planned to be operated. Any changes to these current or planned operations may significantly increase costs of operations and have a material adverse effect on the business, results of operations and future cash flow of the Resulting Issuer.

Cyber Security Threats

The business of the Resulting Issuer is subject to cyber risk as a result of increased digital transformation and reliance on relatively new operational technology, which could make it vulnerable to data breaches. There can be no assurance that such risk from current or future exploitable vulnerabilities of information technology systems will not adversely impact future cash flows, earnings, results of operations and financial condition. In particular, the Resulting Issuer may suffer lost revenue arising from breach costs, including legal expenditures and regulatory fines/penalties, costs associated with incident investigations, assessments, audits and communication management, the expense of notifying victims and appropriate authorities, as well as reputational damage following a data breach.

Political, Economic and Other Risks

The Labola Gold Project is located in Burkina Faso in West Africa. In addition, the Resulting Issuer will have interests in exploration properties in each of Mali and Nigeria. Tenure over the property rights and the conditions under which the Resulting Issuer operates, both during and after the exploration stage, are subject to the jurisdiction of the governments of Burkina Faso, Mali and Nigeria and in some cases political subdivisions within these countries. The laws and regulations governing tenure and operations are subject to alteration, and an adverse alteration to those laws and regulations could have a material adverse effect on the Resulting Issuer. In addition, exposure of the Resulting Issuer's projects and operations to political risk comprises part of the evaluations, perceptions and sentiments of investors. An adverse change in investors' or potential investors' tolerance of political risk could have a material adverse effect on the Reporting Issuer. Although the Resulting Issuer believes that it has good relations with each of these West African governments, there can be no assurance that the actions of present or future governments in Burkina Faso, Mali or Nigeria will not materially adversely affect the business or financial condition of the Resulting Issuer.

Given the conduct of operations in West Africa, the Resulting Issuer is exposed to various levels of political, economic and other natural and man-made risks and uncertainties, over which it has no or limited control. These risks and uncertainties include, but are not limited to, economic, social or political instability, terrorism, hostage taking, military repression, labour unrest, the risks of war or other forms of civil unrest, expropriation and nationalization, illegal mining, renegotiation, nullification or adoption of new laws or regulations concerning existing concessions, licenses, permits and/or contracts, extreme fluctuations in currency exchange rates, high rates of inflation, changes in taxation policies, restrictions on foreign exchange and repatriation, validity of export rights and payment of duties, changing political conditions, currency controls, customs regulations policies, changes or adoption of new laws affecting foreign ownership, government participation or control or working conditions and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitudes in any jurisdiction in which the Resulting Issuer operates may adversely affect its operations or profitability and viability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on prospecting, development, production, price controls, export contracts, currency remittance, income taxes,

royalties, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, forestry, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be predicted and any of them could have an adverse effect on the operations or profitability of the Resulting Issuer.

If any of our current or future exploration licenses are converted into a mining concession, pursuant to the Burkinabe mining codes, we may be required to provide a 10% free-carried interest to the government of Burkina Faso in the entity granted the concession whose actions would require approval of the entity's board of directors which would include two representatives from the government of Burkina Faso on the Burkinabe subsidiary.

The Security Situation in Burkina Faso

The security environment in a number of sub-Saharan countries has deteriorated over the last few years. Increased levels of crime, including kidnapping, robbery and sabotage, in addition to acts of political violence and terrorism, have been reported in large areas of northern Mali, the northern and eastern portions of Burkina Faso and the western area of Niger. A combination of high levels of poverty and limited government reach in terms of infrastructure, roads, schools and medical facilities in certain rural and border areas have afforded various militant secessionist and Islamic paramilitary groups safe havens from which to operate. The goal of these various groups is to destabilize and ultimately remove local and regional governments from these areas.

2019 was a particularly active year for insurgent groups in a number of West African countries, including Burkina Faso, which resulted in various other countries (including France, Canada and the UK) heightening their travel advisories to Burkina Faso over the course of the year. Since December 31, 2018, the government of Burkina Faso responded to the escalating threat by declaring a state of emergency in 14 of the country's provinces along its northern and eastern border. In January of 2019, the head of its armed forces and its entire government were replaced following the appointment of a new Prime Minister by the President. The President announced in the end of November 2021 a new government replacement with a reduced number of members to better tackle the security issues. The state of emergency places temporary restrictions on certain civil liberties in addition to providing enhanced interrogation and detention rights to police and military authorities. Following these measures, increased funding to the army and security services has been reported, in addition to a number of significant operations against insurgent targets in the north and east of the country. Moreover, the military took control of power in Burkina Faso in late January 2022. Feedback from within the country does not indicate that this has resulted in any increased security risk and that the army controlled government is acting reasonably. However, there can be no assurance that this will prevail in the foreseeable future.

The Labola Gold Project is located in the southwest portion of Burkina Faso, well outside the areas covered by the state of emergency. However, this does not insulate the employees, contractors and assets of the Resulting Issuer from security threats that can be highly mobile. To date, neither the employees nor the operations of the Resulting Issuer have been impacted by the security situation in Burkina Faso.

While there is no reason to believe that the Resulting Issuer's employees or operations will be targeted by criminal and/or terrorist activities in the country, risks associated with conducting business in the region, along with the increased perception that such incidents are likely to occur, may disrupt its operations, limit its ability to hire and keep qualified personnel, and impair its access to sources of capital or insurance on terms and at rates that are commercially viable. Furthermore, although the Resulting Issuer will develop procedures regarding the mitigation of such risks, due to the unpredictable nature of criminal and/or terrorist activities, there is no

assurance that these efforts will be able to effectively mitigate such risks and safeguard the personnel and assets of the Resulting Issuer.

Jurisdiction of Foreign Courts

In the event of a dispute arising at one of the operations of the Resulting Issuer, it may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Resulting Issuer may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity. The dispute provisions in various agreements to which the Reporting Issuer may be subject may stipulate that any dispute between the parties thereto is to be submitted to international arbitration. However, there can be no assurance that a particular governmental entity or instrumentality will either comply with the provisions of these or any other agreements or voluntarily submit to arbitration. The inability to enforce the rights of the Resulting Issuer could have an adverse effect on future cash flows, earnings, results of operations and financial condition. Further, any dispute with governmental authorities may also adversely affect the relationship of the Resulting Issuer with the government, which could impact the development and operation of future projects in Burkina Faso.

Interpretation and Application of Laws and Regulations in the West African Jurisdictions

The courts in Burkina Faso may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, the Resulting Issuer could face risks such as: (i) effective legal redress in the courts of Burkina Faso being more difficult to obtain, whether in respect of a breach of law or regulation, or in a contract or an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or (v) relative inexperience of the judiciary and courts in such matters.

Enforcement of laws in Burkina Faso may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to the Resulting Issuer by local lawyers or even previously by the relevant local authority itself. Furthermore, there is limited relevant case law providing guidance on how courts would interpret such laws and the application of such laws to contracts, joint ventures, licenses, license applications or other arrangements. Thus, there can be no assurance that contracts, joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements.

Repatriation of Funds from Burkina Faso

In the future, the Resulting Issuer anticipates operating cash flow, and the Resulting Issuer may need to repatriate funds from its operations in Burkina Faso to fulfill its business plans, in particular in relation to ongoing expenditures at other projects, and make debt service payments, if any. However, the Resulting Issuer may not be able to repatriate funds, or it may incur tax payments or other costs when doing so, due to legal restrictions or tax requirements at local subsidiary levels or at the parent company level, which could be material. In light of the foregoing factors, the amount of cash that appears on our balance sheet may overstate the amount of liquidity we have available to meet our business or debt obligations.

There is no assurance that any of the governments of any foreign countries in which the Resulting Issuer intends to operate, or may operate in the future, will not impose additional restrictions on the repatriation of earnings to foreign entities. Any inability to repatriate funds could have a material adverse effect on liquidity.

The outbreak, or threatened outbreak, of any severe communicable disease in West Africa

The outbreak, or threatened outbreak, of any severe communicable disease, including Ebola, in Burkina Faso could materially and adversely affect the overall business environment in Burkina Faso, particularly if such outbreak is inadequately controlled. This in turn could materially and adversely affect domestic labour supply. Any labour shortages could materially and adversely affect the business and results of operations of the Resulting Issuer. In addition, if any employees are affected by any severe communicable disease, it could adversely affect or disrupt exploration and materially and adversely affect results of operations as the Resulting Issuer may be required to close its facilities to prevent the spread of the disease. The spread of any severe communicable disease in West Africa may also affect the operations of suppliers of services, equipment and materials to the Resulting Issuer, which could materially and adversely affect its business and results of operations.

In particular, malaria and other diseases such as HIV/AIDS, and more recently, COVID-19, represent a serious threat to maintaining a skilled workforce in the mining industry throughout Africa and are a major healthcare challenge faced by operations in Africa. There can be no assurance that the Resulting Issuer will not lose members of its workforce or see its workforce man-hours reduced or incur increased medical costs as a result of these health risks, which could materially and adversely affect its business and results of operations.

GENERAL RISKS ASSOCIATED WITH MINERAL EXPLORATION

Early Stage Properties

The properties in which the Resulting Issuer has an interest or the right to acquire an interest are in the early exploration and development stage. Most of these properties are without either resources or reserves. The Resulting Issuer Labola Gold Project is an exploratory search for mineral deposits. Development of the Resulting Issuer Labola Gold Project will only follow upon obtaining satisfactory results. Exploration for and the development of minerals involve a high degree of risk and few properties, which are explored, are ultimately developed into producing properties. There is no assurance that the Resulting Issuer's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term success of the Resulting Issuer's operations will be in large part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. There is no assurance that the Resulting Issuer's mineral exploration activities will result in any discoveries of commercial bodies of ore. 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 Resulting Issuer or any of its joint venture partners will result in a profitable commercial mining operation as the economic viability of the project would depend on obtaining favourable exploration results and commodity prices. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices that are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Resulting Issuer not receiving an adequate return on invested capital. No assurance can be given that the minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a favourable basis.

If any of the Resulting Issuer's properties is found to have commercial quantities of ore, the Resulting Issuer would be subject to additional risks respecting any development and production activities. Mining operations generally involve a high degree of risk. The Resulting Issuer's future operations would be subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals, including unusual and unexpected geologic formations, seismic activity, ground failure, rock bursts, cave-ins, flooding and other conditions involved in the drilling, blasting and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

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 or other interference in the maintenance or provision of such infrastructure could adversely affect the Resulting Issuer's operations, financial condition and results of operations.

There is no certainty that the expenditures made by the Resulting Issuer towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore. The Resulting Issuer's ability to execute its planned exploration programs on a timely basis is dependent on a number of factors beyond the Resulting Issuer's control including availability of drilling services, third party contractors and equipment, ground conditions, weather conditions and permitting.

Title

The mining claims that comprise the Resulting Issuer Labola Gold Project have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims have not been converted to lease and tenure, and as a result, are subject to annual compliance with assessment work requirements. Other parties may dispute the Resulting Issuer's title to the properties. While the Resulting Issuer has diligently investigated title to all mineral claims comprising the properties and, to the best of its knowledge, title to the properties is in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims, including indigenous or aboriginal land claims, and title may be affected by undetected defects. There is no guarantee that title to the properties will not be challenged or impugned. Also, in many countries, claims have been made and new claims are being made by indigenous or aboriginal peoples that call into question the rights granted by the governments of those countries in respect of resource properties.

Uncertainty in the Estimation of Mineral Resources

The figures for mineral resources contained in this Circular are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral resources could be mined or processed profitably. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

The Resulting Issuer and the QPs have carefully prepared and verified the mineral resource figures and believe the methods of estimating mineral resources have been verified by mining experience. All mineral resource estimates have been prepared in accordance with NI 43-101 and the CIM Classification System. However, such figures are estimates, and no assurance can be given that the indicated level of mineral will be produced. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Resulting Issuer's control. Fluctuations in the price of gold may render mineral resources containing lower grades of mineralization uneconomic. Market price fluctuations of gold may render the present mineral resources unprofitable for periods of time.

Fluctuation in gold prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources, or of the Resulting Issuer's ability to extract these mineral resources, could have a material adverse effect on the Resulting Issuer's operations and financial condition.

Maintaining Interests in Mineral Properties

The Resulting Issuer's continuing right to initially earn and subsequently maintain its ownership in its mineral property interests will be dependent upon compliance with applicable laws and with agreements to which it is a party. The Resulting Issuer's properties consist of various rights to acquire interests in lands prospective for mineral exploration. There is no assurance that the Resulting Issuer will be able to obtain and/or maintain all required permits and licences to carry on its operations. Additional expenditures will be required by the Resulting Issuer to maintain its interests in its properties. There can be no assurance that the Resulting Issuer will have the funds, will be able to raise the funds or will be able to comply with the provisions of the agreements relating to its properties which would entitle it to an interest therein. In the event the Resulting Issuer fails to do so, its interest in certain of these properties may be reduced or be lost.

Results of Prior Exploration Work

In preparing any technical reports on the Resulting Issuer's properties, the authors of such reports relied on data previously generated by exploration work carried out by other parties. There is no guarantee that data generated by prior exploration work is 100% reliable and discrepancies in such data not discovered by the Resulting Issuer may exist. Such errors and/or discrepancies, if they exist, could have an impact on the accuracy of the technical reports.

Insurance and Uninsured Risks

The Resulting Issuer's business is subject to a number of risks and hazards including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Resulting Issuer's properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although the Resulting Issuer maintains liability insurance in amounts which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Resulting Issuer may elect not to insure against such liabilities due to high premium costs or other reasons, in which event the Resulting Issuer could incur significant costs that could have a materially adverse effect upon its financial position.

The Resulting Issuer is not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration) has not been generally available to companies within the industry. The Resulting Issuer will periodically evaluate the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. The Resulting Issuer may be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Without such insurance, and if the Resulting Issuer becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Resulting Issuer has to pay such liabilities and result in bankruptcy. Should the Resulting Issuer be unable to fund the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedial work.

INVESTMENT RISK

Investment may be lost

Although Shareholders will not be bound by or be personally liable for the Resulting Issuer's expenses, liabilities or obligations beyond their total original capital contributions, should the Resulting Issuer suffer a deficiency in funds with which to meet its obligations, Shareholders as a whole may lose their entire investment.

Dilution

Because it is expected that the Resulting Issuer's success will be highly dependent upon its directors, officers and consultants, the Resulting Issuer expects to grant stock options in connection with the completion of the Transaction, and may again in the future grant stock options to some or all of its key officers, directors, employees and consultants as non-cash incentives. Stock options may be granted at exercise prices equal to market prices at times when the public market is depressed. To the extent that significant numbers of such stock options may be granted and exercised, the interests of Shareholders may be diluted.

Dividends

DFR has not paid any cash dividends and the Resulting Issuer does not currently intend to pay any dividends for the foreseeable future. Because the Resulting Issuer does not intend to declare dividends, any gain on an investment in the DFR Shares will need to come through an increase in the share price. This may never happen and investors may lose all of their investment in the Resulting Issuer.

Lack of Active Market

There can be no assurance that an active market for the DFR Shares will continue and any increased demand to buy or sell the DFR Shares can create volatility in price and volume.

Market Price of Resulting Issuer Shares

There can be no assurance that an active market for the DFR Shares will be sustained. Securities of small and mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the attractiveness of certain industries. The price per DFR Share is also likely to be affected by changes in the price of gold, other precious metal and mineral prices, the US dollar, the Canadian dollar, or in the Resulting Issuer's financial condition or results of operations as reflected in its quarterly and annual filings. Other factors unrelated to the performance of the Resulting Issuer that may have an effect on the price of Resulting Issuer Shares include the following: the extent of analytical coverage available to subscribers concerning the business of the Resulting Issuer may be limited if investment banks with research capabilities do not follow the Resulting Issuer's securities, lessening in trading volume and general market interest in the Resulting Issuer's securities may affect a subscriber's ability to trade significant numbers of DFR Shares, the size of DFR's public float may limit the ability of some institutions to invest in the Resulting Issuer's securities, and a substantial decline in the price of the DFR Shares that persists for a significant period of time could cause the Resulting Issuer's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the DFR Shares does not continue, the liquidity of an investment in DFR Shares may be limited and the price of the DFR Shares may decline. If such a market does not develop, a holder of DFR Shares may lose their entire investment in the DFR Shares.

ADDITIONAL INFORMATION

Additional information concerning the Corporation can be obtained from www.sedar.com.

APPROVAL OF DIRECTORS

The Circular and the mailing of same to Shareholders have been approved by the DFR Board.

CERTIFICATE OF DIAMOND FIELDS RESOURCES INC.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of DFR.

DATED this 29th day of April, 2022.

DIAMOND FIELDS RESOURCES INC.

"John McGloin"

JOHN McGLOIN
President & Chief Executive Officer

"Jean Charles"

JEAN CHARLES
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF DIAMOND FIELDS RESOURCES INC.

"Bertrand Boulle"

BERTRAND BOULLE
Director

"Philip Murphy"

PHILIP MURPHY
Director

Schedule A – Audit Committee Charter

AUDIT COMMITTEE'S CHARTER

The text of the Audit Committee Charter is as follows:

Mandate

The primary function of the Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices atall levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financialand senior management and the Board of Directors.

Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Corporation’s Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee meets a least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least quarterly with the Chief Financial Officer (or individual acting in that capacity, if there is no such position) and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

<u>Documents/Reports Review</u>

(a) Review and update the Charter annually.

(b) Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

(a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.

(b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1.

(c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

(d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.

(e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

(f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.

(g) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

Financial Reporting Processes

(a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.

(b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

(c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.

(d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

(e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

(f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

(g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

(h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

(i) Review certification process.

(j) Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Other

The Committee also reviews any related-party transactions.

Schedule B-1 – DFR Audited Financial Statements
as at and for the year ended December 31, 2020, the six month period ended December 31, 2019 and the year ended June 30, 2019



DIAMOND FIELDS RESOURCES INC.
Consolidated Financial Statements
For the year ended December 31, 2020, six-month period ended December 31, 2019 and year ended June 30, 2019

Management's Responsibility for Financial Reporting

As announced on January 9, 2020 and disclosed under note 3 of these consolidated financial statements, effective December 2019, the Company changed its financial year-end from June 30 to December 31.

The consolidated financial statements have been prepared by management who, when necessary, has 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, and 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.

April 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Diamond Field Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Diamond Field Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020, 2019 and June 30, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' (deficiency) equity, and cash flows for the year ended December 31, 2020, the six-month period ended December 31, 2019, and the year ended June 30, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, 2019, and June 30, 2019, and its financial performance and its cash flows for the year ended December 31, 2020, the six-month period ended December 31, 2019 and the year ended June 30, 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has an accumulated deficit of $60,543,876 and incurred a net loss of $678,662 during the year. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.



Vancouver, Canada

Chartered Professional Accountants

April 30, 2021

DIAMOND FIELDS RESOURCES INC.
Consolidated Statements of Financial Position
As at December 31, 2020 and 2019, and June 30, 2019
(Expressed in U.S. dollars)

	Notes	**December 31, 2020**	December 31, 2019	June 30, 2019
		$	$	$
ASSETS				
CURRENT				
Cash		**234,937**	1,202,786	1,575,101
Prepaid expenses and other receivables		**23,846**	10,616	32,692
		258,783	1,213,402	1,607,793
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities		**313,665**	332,154	212,695
Derivative financial instruments	**11**	**518,763**	945,196	754,437
		832,428	1,277,350	967,132
SHAREHOLDERS' (DEFICIENCY) EQUITY				
Share capital	**10**	**55,784,887**	55,633,167	55,633,167
Contributed surplus	**10**	**4,175,556**	4,166,789	4,139,619
Accumulated other comprehensive income		**9,788**	1,310	7,344
Accumulated deficit		**(60,543,876)**	(59,865,214)	(59,139,469)
		(573,645)	(63,948)	640,661
		258,783	1,213,402	1,607,793
Nature and continuance of operations	**2**			
Subsequent events	**17**			

"Sybrand Van Der Spuy"

Director

"Bertrand Boulle"

Director

The accompanying notes form an integral part of these consolidated financial statements.

DIAMOND FIELDS RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss
For the year ended December 31, 2020, the six-month period ended December 31, 2019 and the year ended June 30, 2019
(Expressed in U.S. dollars)

	Notes	**year ended December31, 2020**	six-months ended December 31, 2019	year ended June 30, 2019
		$	$	$
OPERATING EXPENSES				
Exploration expenses	**7**	**238,691**	94,090	707,393
Share based compensation	**10,16**	**8,767**	27,170	92,796
General and administrative expenses	**8**	**587,586**	421,802	610,060
		(835,044)	(543,062)	(1,410,249)
Fair value movement on derivative instruments	**11**	**437,482**	(185,277)	(86,932)
Interest expense	**12**	**(56,107)**	-	-
Other income		**-**	-	1,355,530
Interest income		**10,352**	24,093	29,761
Foreign exchange loss		**(235,345)**	(21,499)	195
NET LOSS FOR THE YEAR / PERIOD		**(678,662)**	(725,745)	(111,695)
Exchange difference on translation of foreign operations		**8,478**	(6,034)	6,355
COMPREHENSIVE LOSS FOR THE YEAR / PERIOD		**(670,184)**	(731,779)	(105,340)
BASIC AND DILUTED LOSS PER SHARE		**(0.01)**	(0.01)	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING BASIC AND DILUTED		**68,797,032**	67,895,662	67,895,662

The accompanying notes form an integral part of these consolidated financial statements.

DIAMOND FIELDS RESOURCES INC.
Consolidated Statements of Changes in Shareholders' (Deficiency) Equity
For the year ended December 31, 2020, the six-month period ended December 31, 2019 and the year ended June 30, 2019
(Expressed in U.S. dollars)

	Number of shares	Share capital $	Contributed surplus $	Accumulated deficit $	Accumulated other comprehensive Income/(loss) $	Total $
Balance at June 30, 2018	67,895,662	55,633,167	4,046,823	(59,027,774)	989	653,205
Translation adjustment	-	-	-	-	6,355	6,355
Share based compensation	-	-	92,796	-	-	92,796
Loss for the year	-	-	-	(111,695)	-	(111,695)
Balance at June 30, 2019	**67,895,662**	**55,633,167**	**4,139,619**	**(59,139,469)**	**7,344**	**640,661**
Translation adjustment	-	-	-	-	(6,034)	(6,034)
Share based compensation	-	-	27,170	-	-	27,170
Loss for the period	-	-	-	(725,745)	-	(725,745)
Balance at December 31, 2019	**67,895,662**	**55,633,167**	**4,166,789**	**(59,865,214)**	**1,310**	**(63,948)**
Share issue (net)	1,000,000	151,720	-	-	-	151,720
Translation adjustment	-	-	-	-	8,478	8,478
Share based compensation	-	-	8,767	-	-	8,767
Loss for the year	-	-	-	(678,662)	-	(678,662)
Balance at December 31, 2020	**68,895,662**	**55,784,887**	**4,175,556**	**(60,543,876)**	**9,788**	**(573,645)**

DIAMOND FIELDS RESOURCES INC.
Consolidated Statements of Cash Flows
For the year ended December 31, 2020, the six-month period ended December 31, 2019 and the year ended June 30, 2019
(Expressed in U.S. dollars)

	year ended December 31, 2020	six-months ended December 31, 2019	year ended June 30, 2019
	$	$	$
CASH USED IN OPERATING ACTIVITIES			
Net loss for the year / period	**(678,662)**	(725,745)	(111,695)
Items not affecting use of cash			
Foreign exchange loss	**11,049**	5,482	1,773
Share based compensation	**8,767**	27,170	92,796
Interest expense	**56,107**	-	-
Fair value movement on derivative instruments	**(437,482)**	185,277	86,932
Proceeds - Beravina Cooperation Agreement	**-**	-	(250,000)
Net change in working capital items (Note 13)	**(23,241)**	135,501	79,845
NET CASH USED IN OPERATIONS	**(1,063,462)**	(372,315)	(100,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares (net)	**151,720**	-	-
Proceeds from loans	**606,878**	-	-
Loan repayment	**(606,878)**	-	-
Interest paid	**(56,107)**	-	-
	95,613	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds - Beravina Cooperation Agreement	**-**	-	250,000
	-	-	250,000
CHANGE IN CASH	**(967,849)**	(372,315)	149,651
CASH, BEGINNING OF YEAR / PERIOD	**1,202,786**	1,575,101	1,425,450
CASH, END OF YEAR / PERIOD	**234,937**	1,202,786	1,575,101

Supplemental cash flow information (Note 13)

The accompanying notes form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Diamond Fields Resources Inc's ("DFR" or the "Company") business activity is the exploration and evaluation of mineral properties in Namibia, Madagascar and worldwide. The Company was incorporated under the Canada Business Corporations Act on May 28, 2000, and has continued as a company under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol DFR, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

The Company's ultimate controlling party is Jean-Raymond Boulle through his private investment company, Spirit Resources SARL ("Spirit").

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

2. NATURE AND CONTINUANCE OF OPERATIONS

These consolidated 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.

As at December 31, 2020, the Company has an accumulated deficit of $60,543,876 (December 31, 2019: $59,865,214; June 30, 2019: $59,139,469) and incurred a net loss of $678,662 (December 31, 2019: $725,745; June 30, 2019: $111,695).

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds, but it has had a negative impact on the Company's operations in both Namibia and Madagascar.

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 there is no assurance that the Company will be successful in these actions, these consolidated financial statements do not give effect to potentially material adjustments that would be necessary should the Company be unable to continue as a going concern.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Company's reporting for the year ended December 31, 2020.

3. STATEMENT OF COMPLIANCE (CONTINUED)

Effective December 2019, the Company changed its financial year-end from June 30 to December 31 to align reporting with that of its mining sector peers and its Madagascan subsidiary. The change in year-end has resulted in the Company filing a one-time six-months transitional fiscal year covering the period July 1, 2019 to December 31, 2019. Subsequent to the transition year, the Company's financial year will cover the period January 1 to December 31; accordingly, the report for the year ended December 31, 2020 is the Company's first full year report subsequent to the adoption of the new financial year end. Comparatives include the six-months transitional fiscal year ended December 31, 2019 and the year ended June 30, 2019.

The financial statements were authorized for issue by the Board of Directors on April 30, 2021.

4. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements are presented in U.S. dollars ("USD"). The parent company's functional currency is the USD 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 judgment in applying the Company's significant accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by Diamond Fields Resources Inc. (the "Parent"). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Parent.

Transactions eliminated on consolidation

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

Name	Country of Incorporation	Class of Shares	Ownership Interest
Kimberley Overseas	Cayman Islands	Common	100%
Diamond Fields Sierra Leone Ltd.	British Virgin Islands	Common	100%
Diamond Fields (Namibia) (Pty) Ltd.	Namibia	Common	100%
Diamond Fields Operations (Namibia) Ltd.	Namibia	Common	100%
Diamond Fields (South Africa) (Pty) Ltd.	South Africa	Common	100%
Action Mining Ltd.	Mauritius	Common	100%
Compagnie Générale des Mines de Madagascar	Madagascar	Common	100%
Namibian Diamond Company (Pty) Ltd	Namibia	Common	70%

(b) 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.

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:

a. 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;
b. income and expenses for each statement of loss and comprehensive loss are translated at exchange rates approximating the exchange rates in effect at the time of the transactions; and
c. 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 loss and comprehensive loss as part of the gain or loss on sale.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on 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.

(d) Financial instruments

Financial Assets

The Company will classify financial assets as subsequently measured 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 asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

i) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
iii) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned 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 are comprised of cash and other receivables, 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 and accrued liabilities and derivative liabilities. Accounts payable and accrued liabilities 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 method.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

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, which are measured at fair value through profit or loss. These instruments are measured at fair value through profit or loss through the application of an appropriate valuation model.

(e) 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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 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.

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.

(g) Income taxes

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income taxes (continued)

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.

(h) Basic Earnings (Loss) per share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings (loss) per common share is computed by dividing the net income or loss applicable to common shares 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.

(i) 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 year 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 year in which they occur. The Company does not have any rehabilitation provisions for the years presented.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) Revenue

Sales of mineral products are recognized when the risks and rewards of ownership pass to the customer, the price can be measured reliably and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. Revenue from minerals sales is credited against mineral property costs when generated from pre-commercial production; and to operations when generated from commercial production or if there are no capitalized mineral property costs.

(l) New standards, amendments and interpretations not yet effective

IFRS 17, Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts and requires that liabilities be measured at a current fulfilment value, and provides a more uniform measurement and presentation approach for all insurance contracts.

IFRS 17 supersedes IFRS 4, Insurance Contracts, and related interpretations, and is effective for reporting periods beginning on or after January 1, 2021.

The Company does not anticipate that the application of IFRS 17 in the future will have a material impact on the amounts reported and disclosures made in the Company's consolidated financial statements.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 judgments 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 consolidated financial statements within the next financial year are discussed below:

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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 10.

Derivative Financial Instruments

The Company has determined that its functional currency is the US dollar and had issued non-broker warrants in a currency other than its functional currency. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value of the derivative financial instruments transactions are disclosed in Note 11.

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. EXPLORATION EXPENSES

	Year ended December 31, 2020	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$	$
Namibian diamond project	**46,562**	31,643	155,831
Beravina zircon project	**44,924**	-	171,218
Other projects and new prospects	**147,205**	62,447	380,344
	238,691	94,090	707,393

7. EXPLORATION EXPENSES (CONTINUED)

Exploration expenses by nature of expenditure are summarized below:

	Year ended December 31, 2020	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$	$
Consulting	**224,766**	64,191	579,889
Travel	**-**	20,537	81,949
Sample testing	**1,038**	-	27,435
Licences & other expenses	**12,887**	9,362	18,120
	238,691	94,090	707,393

Namibian Diamond project

The Company holds a 100% interest in two diamond mining leases through its subsidiary Diamond Fields (Namibia) (Pty) Ltd. ("DFN"), and a 70% interest in one diamond mining lease through its subsidiary Namibian Diamond Company (Pty) Ltd., off the coast of Namibia.

On November 17, 2017, the Company entered into an agreement with International Mining and Dredging Holdings Proprietary Limited ("IMDH") and its partner, Namibian Underwater Technology And Mining (Pty) Ltd. ("NUTAM"), whereby NUTAM will have an exclusive right to mine the ML111 property. As consideration for the right to mine, NUTAM will pay DFN a sliding royalty based on production from the property. No mining activity took place, and no income was received during the year ended (December 31, 2019: $nil; June 30, 2019: 1,105,530) December 31, 2020.

Madagascar Zircon project

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

On May 16, 2019, the Company entered into a cooperation agreement with TMH Acquisition Co., a special purpose vehicle established by Denham Mining Fund LP ("TMH"), to advance the Company's Beravina project (the "Project") in Madagascar (the "Cooperation Agreement"). Pursuant to the terms of the Cooperation Agreement, TMH will make an immediate payment of $250,000 (received) to the Company and fund the next stage of exploration and development work on Beravina (the "Work Program"), expected to cost approximately $500,000 and to be completed within seven months from the date of entering into the Cooperation Agreement (the "Evaluation Period"). TMH has the right to extend the Evaluation Period by a further three months if it has incurred expenditures of $500,000 and made a further payment of $250,000.

7. EXPLORATION EXPENSES (CONTINUED)

Madagascar Zircon project (continued)

TMH submitted a planned drill program comprising of 14 drill holes as part of the 2019 Work Program. The Company obtained approval for the drilling program from the Ministry of Mines and Strategic Resources and approval for its Environmental Impact Assessment ("EIA"). EIA approval was only provided on October 29, 2019, which resulted in a delay in implementation of planned drilling to early November 2019. As the delay was not anticipated by the Company or TMH, the Company granted an extension to the Evaluation Period (which was originally envisaged as being 7 months from 16 May 2019) without financial penalty, to May 31, 2020.

On June 26, 2020, the Company announced an amendment to the Cooperation Agreement (the "Amended Agreement") which requires the Company to undertake the next phase of work, which involves a high-resolution magnetic drone survey, the development of digital elevation models and limited groundwork ("Phase 1") with the aim of locating potential new mineral deposits and extensions to the existing deposit. If successful, the Company will then engage in a drilling campaign on the Project ("Phase 2") to be completed by 30 November 2020. The Company has committed to spend between US$250,000 and US$350,000 in connection with such activities, subject to ongoing positive results. The Amended Agreement extends the time available for TMH to exercise its option to acquire the Project (which may be extended a further three (3) months through an advance payment (on the Option exercise price) of US$250,000) until December 31, 2020.

On September 29, 2020, due to ongoing travel and operational restrictions resulting from the COVID-19 pandemic, the Company announced it has agreed a further eight month extension to the Cooperation Agreement, such that the deadline for the Company to complete Phase 1 and commence Phase 2 has now been extended to May 31, 2021, and, consequently the deadline for completion of Phase 2 has been extended to July 31, 2021, and the time available for TMH to exercise its option to acquire the Project has been extended to August 31, 2021. At the date of issue of this report, the Company had not executed on Phase 1 due to travel restrictions associated with the prevailing Pandemic. The Company is in discussions with TMH about a further extension to the deadlines for commencement and completion of both Phase 1 and Phase 2.

TMH will have the option (the "Option") to buy 100% of the Project in consideration of a payment of $2,000,000 and the grant of a nine percent royalty from future sales, subject to certain minimum deductions. Pursuant to the Amended Agreement, upon exercising the Option TMH must also reimburse the Company for the amount of expenditures incurred by the Company in connection with Phase 1 and Phase 2 of the Amended Agreement. Upon exercise of the Option, TMH is required to place the Project into production by no later than 30 June 2023 (the "Project Long-Stop Date"), subject to certain extensions for events of force majeure, such as permitting delays, but no longer than 30 June 2025. Should the project not be placed into production by the Project Long-Stop Date, then TMH is required to make advance royalty payments to the Company, as follows:

A. $500,000 on the Project Long-Stop Date;
B. $500,000 six months after the Project Long-Stop Date; and,
C. $500,000 on every anniversary of the Project Long-Stop Date thereafter.

If TMH fails to make an advance royalty payment when due, then the Company shall have the right to reacquire the Project in consideration of 50% of any advance royalty payments made by TMH.

7. EXPLORATION EXPENSES (CONTINUED)

Atlantis II Red Sea project

The Company, through its joint venture partner, Manafa International Trade Company of Saudi Arabia ("Manafa") holds an interest in an exclusive thirty-year mining license extending over the Atlantis II Deeps. Pursuant to the terms of the joint venture agreement dated August 3, 2008, the Company and Manafa agreed that these licenses would be transferred into a joint venture company ("JVC"). It was agreed that the Company would own 50.1% of the JVC and Manafa would own 49.9%. Advancement of the project has been hindered since April 2013 following a dispute with Manafa over contractual terms, as such the license held by Manafa for the benefit of Manafa and the Company has not transferred under joint ownership as no JVC had been set up. The Company does not currently hold any interest in Manafa, but only in the Atlantis II license. The Company continues to explore avenues to resolve the impasse.

The Company has evaluated this arrangement under the criteria within IFRS 11, Joint Arrangements, and has concluded that the arrangement is not jointly controlled. As at the date of reporting, there are no assets or liabilities which are subject to this agreement aside from the license itself.

The Company continues to assert its rights to the project.

Other projects and prospects

The Company, during its normal course of business, engages with different parties as authorities to seek business opportunities on an ongoing basis. To the date of reporting, other than disclosed above, no other project or prospect has reached a stage which would be considered material for disclosure.

8. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2020	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$	$
Directors and secretary fees	**262,500**	131,250	143,000
Salaries, fees and consultancy	**166,456**	161,381	309,098
Audit and tax fees	**39,333**	38,506	54,033
Regulatory	**7,630**	10,627	27,259
Insurance	**17,482**	4,034	14,211
Investor relation	**45,492**	24,549	25,733
Office and other expenses	**48,693**	51,455	36,726
	587,586	421,802	610,060

9. INCOME TAXES

Taxation is calculated at the rate prevailing in its respective operational jurisdiction. There is no deferred tax charge arising for the Company for the year.

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

9. INCOME TAXES (CONTINUED)

	December 31, 2020	December 31, 2019	June 30, 2019
	$	$	$
Loss for the year / period	**(678,662)**	(725,745)	(111,695)
Expected income tax (recovery)	**(183,000)**	(195,000)	(425,000)
Change in statutory, foreign tax, foreign exchange rates and other	**17,000**	(23,000)	(150,000)
Permanent difference	**128,000**	60,000	620,000
Share issue costs	**-**	(2,000)	(2,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	**(1,236,000)**	254,000	(1,657,000)
Change in unrecognized deductible temporary differences	**1,274,000**	(94,000)	1,614,000
Total income tax expense (recovery)	**-**	-	-

Deferred Tax Assets and Liabilities

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

Deferred Tax Assets	**December 31, 2020**	December 31, 2019	June 30, 2019
	$	$	$
Property and equipment	**105,000**	80,000	81,000
Share issue costs	**1,000**	2,000	2,000
Allowable capital losses	**1,590,000**	1,222,000	1,215,000
Non-capital losses available for future periods	**8,935,000**	8,053,000	8,153,000
	10,631,000	9,357,000	9,451,000
Unrecognised deferred tax assets	**(10,631,000)**	(9,357,000)	(9,451,000)
Net deferred tax assets	**-**	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary Differences	**December 31, 2020**	**Expiry Date Range**	December 31, 2019	Expiry Date Range	June 30, 2019	Expiry Date Range
	$		$		$	
Property and equipment	**388,000**	**No expiry date**	298,000	No expiry date	301,000	No expiry date
Share issue costs	**4,000**	**2040 to 2042**	6,000	2040 to 2042	7,000	2040 to 2042
Allowable capital losses	**5,890,000**	**No expiry date**	4,524,000	No expiry date	4,500,000	No expiry date
Non-capital losses available for future periods	**23,978,000**	**2023 to indefinite**	20,352,000	2023 to indefinite	20,374,000	2023 to indefinite

Tax attributes are subject to review, and potential adjustment, by tax authorities

10. SHARE CAPITAL

Authorized share capital

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

Issued and outstanding share capital

As at June 30 and December 31, 2019, the Company had 67,895,662 issued and outstanding common shares. On February 13, 2020, the Company announced the completion of a working capital financing through the issuance of 1,000,000 common shares at a price of CAD 0.20 per share for gross proceeds of $151,720 (in addition to $606,878 debt financing (note 12)).

Consequently, following completion of the financing, and, as at December 31, 2020, the Company had a total of 68,895,662 issued and outstanding common shares.

Stock Options

The Company has 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. 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 June 30, 2018 to December 31, 2020:

Grant Date	Expiry Date	Opening balance	During the year			Closing balance
			Granted	Exercised	Expired/ forfeited	
Balance at June 30, 2018		3,852,800	-	-	-	3,852,800
07/09/13	07/19/18	-	-	-	(490,000)	(490,000)
08/28/18	08/27/23	-	1,837,200	-	-	1,837,200
Balance at June 30, 2019		3,852,800	1,837,200	-	(490,000)	5,200,000
08/28/18	08/27/23	-	-		(50,000)	(50,000)
Balance at December 31, 2019 and 2020		**3,852,800**	**1,837,200**	**-**	**(540,000)**	**5,150,000**

The weighted average exercise price of options outstanding as at December 31, 2020, December 31 and June 30, 2019, was CAD $0.145.

During the year ended December 31, 2020, no stock options (December 31, 2019: nil; June 30, 2019: 1,837,200) were granted and no stock options (December 31, 2019: 50,000; June 30, 2019: 490,000) expired. Share based compensation accounted during the period was $8,767 (December 2019: $27,170; June 30, 2019: $ 92,796). As at December 31, 2020, the unrecognized share based compensation expense is $ nil (December 31, 2019: $ 8,767; June 30, 2019: $35,937).

10. SHARE CAPITAL (CONTINUED)

Stock Options (continued)

The fair value of options granted was determined using the Black-Scholes valuation model using the weighted average assumptions outlined in the following table.

	December 31, 2020	December 31, 2019	June 30, 2019
Expected volatility	-	-	203%
Risk-free interest rate	-	-	2.21%
Expected life (years)	-	-	5
Dividend yield	-	-	-

Share purchase warrants

A summary of share purchase warrant activity and information concerning currently outstanding and exercisable warrants from June 30, 2018 to December 31, 2020 is as follows:

Grant date	Opening balance	During the year			Closing balance	Exercisable
		Granted	Exercised	Forfeited / expired		
Balance at June 30, 2018	10,666,667				10,666,667	10,666,667
Movement during the year	-	-	-	-	-	-
Balance at June 30, 2019, December 31, 2019 and 2020	**10,666,667**	**-**	**-**	**-**	**10,666,667**	**10,666,667**
Weighted average price CAD	$0.125				$0.125	$0.125

If not exercised, the warrants will expire on September 23, 2021, that is in 0.73 year following the year end.

Nature and purpose of equity

The reserves recorded in equity on the Company's consolidated statement of financial position include "Contributed Surplus," "Accumulated Deficit" and "Accumulated Other Comprehensive Loss."
"Contributed Surplus" is used to recognize the value of share option grants prior to exercise.
"Accumulated Deficit" is used to record the Company's change in deficit from year to year.
"Accumulated Other Comprehensive Loss" includes foreign exchange losses/gains on translating subsidiaries with a functional currency different from that of the US dollar.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Company had issued warrants for financing purposes at various prices. As the warrants have an exercise price denominated in Canadian dollars, which is different to the functional currency of the Company (U.S. dollar), the share purchase warrants are treated as a derivative financial liability and the fair value movement during the year was recognized in the statement of loss and comprehensive loss.

The change in fair value of the derivative financial liabilities measured using the Binomial valuation model is as follows:

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Warrants (Note 10) $
Balance, June 30, 2018	665,732
Movement in fair value	86,932
Movement in foreign exchange rates	1,773
Balance, June 30, 2019	754,437
Movement in fair value	185,277
Movement in foreign exchange rates	5,482
Balance, December 31, 2019	945,196
Movement in fair value	(437,482)
Movement in foreign exchange rates	11,049
Balance, December 31, 2020	**518,763**

The fair value of the derivative financial instruments was determined using the Binomial valuation model using the weighted average assumptions outlined in the following table:

	Year ended December 31, 2020	Six-months ended December 31, 2019	Year ended June 30, 2019
Expected volatility	**116%**	109%	106%
Risk-free interest rate	**0.20%**	1.71%	1.41%
Expected life	**0.73 year**	1.73 years	2.23 years

12. LOAN PAYABLE

	December 31, 2020	December 31, 2019	June 30, 2019
	$	$	$
Opening balance	**-**	-	-
Loans received	**606,878**	-	-
Loans repaid	**(606,878)**	-	-
Closing Balance	**-**	-	-

12. LOAN PAYABLE (CONTINUED)

A summary of loans and their maturity profiles are as follows:

Loan received from	Principal amount	Balance at December 31, 2020	Interest rate over duration [4]	Issuance date	Maturity date[1]
	$	$			
Albert C Gourley Professional Corporation[2]	303,480	-	10%	January 29, 2020	December 31 or May 31, 2020
Spirit Resources SARL[3]	303,398	-	10%	February 5, 2020	December 31 or May 31, 2020

Notes:

1. The loans are repayable on December 31, 2020 or may be repaid earlier in the event that the Company and its subsidiaries complete an equity financing or otherwise receive funding, payments or income equal to CAD 1,000,000; or the Company's Namibian subsidiary receives authorization from the Bank of Namibia ("BON") to remit not less than $500,000 from Namibia.
   The Company's Namibian subsidiary received authorization from BON and repaid $679,852 to the Company's bank account in Canada. As such, the loans amounting to $606,878 together with interest amounting to $56,107 have been fully repaid during the year.

2. Mr. Albert Gourley is the non-executive chairman of the Board of Directors of the Company and also controls Albert C Gourley Professional Corporation.

3. Mr. Jean Raymond Boulle is the major shareholder of the Company, holding his shares through Spirit Resources SARL.

4. Following the authorization from BON and the remittance of part of the funds held to the Company's bank account in Canada, the loans have become payable early, and interest amounting to $56,107 has been recognized in the statement of loss and comprehensive loss.

13. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital items:

	Year ended December 31, 2020	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$	$
(Increase) / Decrease in:			
Prepaid expenses and other receivables	**(13,230)**	22,076	(3,592)
(Decrease) / Increase in:			
Accounts payable and accrued liabilities	**(10,011)**	113,425	83,437
	(23,241)	135,501	79,845

13. SUPPLEMENTAL CASH FLOW INFORMATION (CONTINUED)

Significant non-cash transaction for the year/period:

	Year ended December 31, 2020	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$	$
Currency translation adjustment on net assets	**8,478**	(6,034)	6,355

14. SEGMENTED INFORMATION

At December 31, 2020, the Company operates in four main geographical locations as set below. Other operations comprise South Africa and British Virgin Islands and these do not constitute a separate reportable segment.

Assets by geographic location for the periods ended December 31, 2019 and 2020, and June 30, 2019 were as follows:

As at December 31, 2020	Head Office	Namibia	Madagascar	Other	Total
	$	$	$	$	$
Total assets	195,762	51,119	9,594	2,308	258,783

As at December 31, 2019	Head Office	Namibia	Madagascar	Other	Total
	$	$	$	$	$
Total assets	30,016	1,159,416	21,755	2,215	1,213,402

As at June 30, 2019	Head Office	Namibia	Madagascar	Other	Total
	$	$	$	$	$
Total assets	247,797	1,314,162	42,691	8,143	1,607,793

15. 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 the Company's 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.

15. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(i) Capital Management (continued)

The Company may attempt to raise capital or borrow funds, although there is no certainty that such financing will be available with 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 Instruments Risks

The Company is exposed in varying degrees to a variety of financial instruments 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, Namibia and Madagascar and purchases goods and services denominated in US dollars, Namibian dollars, Madagascan Ariary, Pounds Sterling and South African Rand. As such, the Company has exposure to foreign currency exchange rate fluctuations at this time. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign currency risks.

The following table reflects the Company's foreign currency exposure as of December 31, 2020:

	Currency CAD	Currency NAD	Currency GBP	Currency USD	Currency Other	Total
Financial Assets	$	$	$	$	$	$
Cash	7,708	49,414	-	177,117	698	234,937
Other receivables	1,743	1,704	-	20,399	-	23,846
	9,451	51,118		197,516	698	258,783
Financial Liabilities	$	$	$	$	$	$
Accounts payable and accrued liabilities	46,615	37,460	147,583	73,079	8,928	313,665
Derivative financial instruments	518,763	-	-	-	-	518,763
	565,378	37,460	147,583	73,079	8,928	832,428

15. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(ii) Financial Instruments Risks (continued)

As at December 31, 2020, with other variables unchanged, a 10% change in the CAD to USD exchange rate would result in a $56,000 change in foreign exchange gain (loss).

Interest rate risk

The Company does not have any financial instruments subject to interest rate risk at December 31, 2020.

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company has no equity holdings and is therefore not exposed to this risk.

Commodity price risk

Commodity price risk is the uncertainty associated with the valuation of assets arising from changes in commodities. Though the Company is at an early exploration stage it is exposed to price risk through its Namibian operations where intermittent mining and sale of products occur.

Credit risk

The Company is primarily exposed to credit risk on its cash and the risk of financial loss if a 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. The following is a summary of the Company's liabilities and their respective due dates as at December 31, 2020:

	Total	< 1 year	1 – 2 years
	$	$	$
Accounts payable and accrued liabilities	313,665	313,665	-

Determination of fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash, receivables, accounts payable and accrued liabilities and derivative financial instruments approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

15. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

Fair value hierarchy (continued)

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's cash is measure using Level 1 fair value measurements. The Company's derivative financial instruments are measured using level 3 inputs.

16. RELATED PARTY TRANSACTIONS

The Company provided the following compensation to key management personnel of the Company for the year ended December 31, 2020, six-months ended December 31, 2019 and year ended June 30, 2019, which are recorded in the following accounts in these consolidated financial statements:

	Year Ended December 31, 2020	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$	$
G&A - Jean Lindberg Charles, CFO and Secretary	**154,500**	77,250	98,000
G&A - Sybrand van der Spuy, President and CEO	**150,000**	75,000	112,215
G&A - E&E - Fasken Martineau LLP[1]	**255,485**	99,582	275,282
E&E - David Reading	**16,107**	-	35,342
G&A - Earl Young (former Director and CFO)	**-**	-	18,000
E&E - Bertrand Boulle	**-**	4,972	-
	576,092	256,804	538,839
Share based compensation - Directors & Officers	**8,767**	26,474	90,573
	584,859	283,278	629,412

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

Note:
Fasken Martineau LLP[1] - Albert Gourley, a Director of the Company, holds office as the Regional Managing Partner of Fasken Martineau LLP, the Company's legal advisor.

16. RELATED PARTY TRANSACTIONS (CONTINUED)

As at December 31, 2020, a total of $210,659 (December 31, 2019: $180,586; June 30, 2019: $108,046) of fees and expenses were payable to related parties as follows: $54,672 (December 31, 2019: $56,532; June 30, 2019: $Nil) payable to Jean Lindberg Charles (CFO and Secretary): $143,487 (December 31, 2019: $121,758; June 30, 2019: $108,046) payable to Fasken Martineau LLP[1] (London); $12,500 (December 31 and June 30, 2019: $Nil) payable to Sybrand Van Der Spuy (CEO & Director); and, $Nil (December 31, 2019: $2,296; June 30, 2019: $Nil) payable to a director.

17. SUBSEQUENT EVENTS

On April 30, 2021, The Company entered into an agreement with its major shareholder, Spirit Resources SARL ("Spirit") pursuant to which Spirit shall make available an unsecured term loan of $ 1,000,000 (the "Loan") to the Company at the rate of 8% per annum. The Loan shall be used for general corporate purposes and shall be repayable in full on April 29, 2022 or earlier upon receipt of the proceeds of any debt, equity or other financing.

Schedule B-2 – DFR Audited Financial Statements as at and for the six months ended December 31, 2019 and the year ended June 30, 2019



DIAMOND FIELDS RESOURCES INC.
Consolidated Financial Statements
For the six-months ended December 31, 2019

Management's Responsibility for Financial Reporting

As announced on January 9, 2020 and disclosed under note 3 of these consolidated financial statements, effective December 2019, the Company changed its financial year-end from June 30 to December 31.

The consolidated financial statements have been prepared by management who, when necessary, has 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, and 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.

April 28, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Diamond Fields Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Diamond Fields Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and June 30, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' (deficiency) equity, and cash flows for the six-month period ended December 31, 2019 and for the year ended June 30, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and June 30, 2019, and its financial performance and its cash flows for the six month period ended December 31, 2019 and for the year ended June 30, 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company incurred a net loss of $725,745 during the six month period ended December 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by $63,948. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always etect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

"DAVIDSON & COMPANY LLP"
Chartered Professional Accountants

Vancouver, Canada
April 28, 2020

DIAMOND FIELDS RESOURCES INC.
Consolidated Statement of Financial Position
As at December 31, 2019 and June 30, 2019
(Expressed in U.S. dollars)

	Notes	December 31, 2019	June 30, 2019
		$	$
ASSETS			
CURRENT			
Cash		**1,202,786**	1,575,101
Prepaid expenses and other receivables		**10,616**	32,692
		1,213,402	1,607,793
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**332,154**	212,695
Derivative financial instruments	**12**	**945,196**	754,437
		1,277,350	967,132
SHAREHOLDERS' (DEFICIENCY) / EQUITY			
Share capital	**11**	**55,633,167**	55,633,167
Contributed surplus	**11**	**4,166,789**	4,139,619
Accumulated other comprehensive income		**1,310**	7,344
Accumulated deficit		**(59,865,214)**	(59,139,469)
		(63,948)	640,661
		1,213,402	1,607,793
Nature and continuance of operations	**2**		
Subsequent events	**17**		

"Sybrand Van Der Spuy"

Director

"Bertrand Boulle"

Director

The accompanying notes form an integral part of these consolidated financial statements.

DIAMOND FIELDS RESOURCES INC.
Consolidated Statement of Loss and Comprehensive Loss
For the six-months ended December 31, 2019 and for the year ended June 30, 2019
(Expressed in U.S. dollars)

	Notes	**Six-months ended December 31, 2019**	Year ended June 30, 2019
		$	$
OPERATING EXPENSES			
Exploration expenses	**7**	**94,090**	707,393
Share based compensation	**11,16**	**27,170**	92,796
General and administrative expenses	**8**	**421,802**	610,060
		(543,062)	(1,410,249)
Fair value movement on derivative instruments	**12**	**(185,277)**	(86,932)
Other income	**9**	**-**	1,355,530
Interest income		**24,093**	29,761
Foreign exchange (loss) gain		**(21,499)**	195
NET LOSS FOR THE PERIOD		**(725,745)**	(111,695)
Exchange difference on translation of foreign operations		**(6,034)**	6,355
COMPREHENSIVE LOSS FOR THE PERIOD		**(731,779)**	(105,340)
BASIC AND DILUTED LOSS PER SHARE		**(0.01)**	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – Basic and diluted		**67,895,662**	67,895,662

The accompanying notes form an integral part of these consolidated financial statements.

DIAMOND FIELDS RESOURCES INC.
Consolidated Statement of Changes in Shareholders' (Deficiency) Equity
For the six-months ended December 31, 2019 and for the year ended June 30, 2019
(Expressed in U.S. dollars)

	Number of shares	Share capital $	Contributed surplus $	Accumulated deficit $	Accumulated other comprehensive Income/(loss) $	Total $
Balance at June 30, 2018	67,895,662	55,633,167	4,046,823	(59,027,774)	989	653,205
Translation adjustment	-	-	-	-	6,355	6,355
Share based compensation	-	-	92,796	-	-	92,796
Loss for the period	-	-	-	(111,695)	-	(111,695)
Balance at June 30, 2019	**67,895,662**	**55,633,167**	**4,139,619**	**(59,139,469)**	**7,344**	**640,661**
Translation adjustment	-	-	-	-	(6,034)	(6,034)
Share based compensation	-	-	27,170	-	-	27,170
Loss for the period	-	-	-	(725,745)	-	(725,745)
Balance at December 31, 2019	**67,895,662**	**55,633,167**	**4,166,789**	**(59,865,214)**	**1,310**	**(63,948)**

DIAMOND FIELDS RESOURCES INC.
Consolidated Statement of Cash Flows
For the six-months ended December 31, 2019 and for the year ended June 30, 2019
(Expressed in U.S. dollars)

	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	**(725,745)**	(111,695)
Items not affecting use of cash		
Foreign exchange gain	**5,482**	1,773
	27,170	
Share based compensation		92,796
Fair value movement on derivative instruments	**185,277**	86,932
Proceeds received from Beravina Cooperation Agreement	**-**	(250,000)
Net change in working capital items (Note 13)	**135,501**	79,845
	(372,315)	(100,349)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds received from Beravina Cooperation Agreement	**-**	250,000
	-	250,000
CHANGE IN CASH	**(372,315)**	149,651
CASH, BEGINNING OF YEAR	**1,575,101**	1,425,450
CASH, END OF YEAR	**1,202,786**	1,575,101

Supplemental cash flow information (Note 13)

The accompanying notes form an integral part of these consolidated financial statements.

DIAMOND FIELDS RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX-MONTHS ENDED DECEMBER 31, 2019 AND YEAR ENDED JUNE 30, 2019.
(All amounts are expressed in U.S. dollars.)

1. CORPORATE INFORMATION

Diamond Fields Resources Inc's ("DFR" or the "Company") business activity is the exploration and evaluation of mineral properties in Namibia, Madagascar and worldwide. The Company was incorporated under the Canada Business Corporations Act on May 28, 2000, and has continued as a company under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol DFR, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

The Company's ultimate controlling party is Jean-Raymond Boulle through his private investment company, Spirit Resources SARL ("Spirit").

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

2. NATURE AND CONTINUANCE OF OPERATIONS

These consolidated 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.

As at December 31, 2019, the Company has an accumulated deficit of $59,865,214 (June 30, 2019: $59,139,469) and incurred a net loss of $725,745 during the six-months ended December 31, 2019 (year ended June 30, 2019: $111,695).

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

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 there is no assurance that the Company will be successful in these actions, these consolidated financial statements do not give effect to potentially material adjustments that would be necessary should the Company be unable to continue as a going concern.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Company's reporting for the six-months ended December 31, 2019.

3. STATEMENT OF COMPLIANCE (CONTINUED)

Effective December 2019, the Company changed its financial year-end from June 30 to December 31 to align reporting with that of its mining sector peers and its Madagascan subsidiary. The change in year-end has resulted in the Company filing a one-time six-months transition year covering the period July 1, 2019 to December 31,2019. Subsequent to the transition year, the Company's financial year will cover the period January 1 to December 31.

The financial statements were authorized for issue by the Board of Directors on April, 28 2020.

4. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements are presented in U.S. dollars ("USD"). The parent company's functional currency is the USD 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 judgment in applying the Company's significant accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by Diamond Fields Resources Inc. (the "Parent"). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Parent.

Transactions eliminated on consolidation

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

Name	Country of Incorporation	Class of Shares	Ownership Interest
Kimberley Overseas Ltd.	Cayman Islands	Common	100%
Diamond Fields Sierra Leone Ltd.	British Virgin Islands	Common	100%
Diamond Fields Namibia Ltd.	Namibia	Common	100%
Diamond Fields Operations Namibia Ltd.	Namibia	Common	100%
Diamond Fields South Africa (Proprietary) Ltd.	South Africa	Common	100%
Action Mining Ltd.	Mauritius	Common	100%
Compagnie Générale des Mines de Madagascar	Madagascar	Common	100%
Namibian Diamond Company (Proprietary) Limited	Namibia	Common	70%

(b) 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.

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:

a. 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;
b. income and expenses for each statement of loss and comprehensive loss are translated at exchange rates approximating the exchange rates in effect at the time of the transactions; and
c. 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 loss and comprehensive loss as part of the gain or loss on sale.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on 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.

(d) Financial instruments

Financial Assets

The Company will classify financial assets as subsequently measured 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 asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

i) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

iii) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned 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 are comprised of cash and other receivables, 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; and, derivative liabilities. Accounts payable and accrued liabilities 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 method.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

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, which are measured at fair value through profit or loss. These instruments are measured at fair value through profit or loss through the application of an appropriate valuation model.

(e) 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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 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.

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.

(g) Income taxes

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income taxes (continued)

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.

(h) Basic Earnings (Loss) per share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings (loss) per common share is computed by dividing the net income or loss applicable to common shares 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.

(i) 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 year 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 year in which they occur. The Company does not have any rehabilitation provisions for the years presented.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) Revenue

Sales of mineral products are recognized when the risks and rewards of ownership pass to the customer, the price can be measured reliably and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. Revenue from minerals sales is credited against mineral property costs when generated from pre-commercial production; and to operations when generated from commercial production or if there are no capitalized mineral property costs.

(l) New accounting policies adopted during the period

IFRS 16 *Leases*

The IASB issued IFRS 16, Leases ("IFRS 16"), which eliminates the classification of leases as either operating or finance leases for a lessee. IFRS 16 was effective from January 1, 2019. Under IFRS 16, all leases will be recorded on the statement of financial position. The only exemptions to this will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases on the statement of financial position under IFRS 16 will increase "right-of-use" assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for right-of-use assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about right-of-use assets and expenses and cash flows related to leases, (b) a maturity analysis of lease liabilities and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. The Company adopted IFRS 16 on July 1, 2019 and there was no material impact on the Company's financial statements.

(m) New standards, amendments and interpretations not yet effective

IFRS 17, Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts and require that liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts.

IFRS 17 supersedes IFRS 4, Insurance Contracts, and related interpretations, and is effective for reporting periods beginning on or after January 1, 2021.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) New standards, amendments and interpretations not yet effective (continued)

The Company does not anticipate that the application of IFRS 17 in the future will have a material impact on the amounts reported and disclosures made in the Company's consolidated financial statements.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 judgments 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 consolidated financial statements within the next financial year are discussed below:

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 11.

Derivative Financial Instruments

The Company has determined that its functional currency is the US dollar and had issued non-broker warrants in a currency other than its functional currency. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value of the derivative financial instruments transactions are disclosed in Note 12.

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. EXPLORATION EXPENSES

	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$
Namibian diamond project	**31,643**	155,831
Beravina zircon project	**-**	171,218
Other projects and new prospects	**62,447**	380,344
	94,090	707,393

Exploration expenses by nature of expenditure are summarized below:

	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$
Consulting	**64,191**	579,889
Travel	**20,537**	81,949
Sample testing	**-**	27,435
Licences & other expenses	**9,362**	18,120
	94,090	707,393

Namibian Diamond project

The Company holds a 100% interest in two diamond mining leases through its subsidiary Diamond Fields Namibia (Pty) Ltd. ("DFN"), and a 70% interest in one diamond mining lease through its subsidiary Namibian Diamond Company (Pty) Ltd., off the coast of Namibia.

On November 17, 2017, the Company entered into an agreement with International Mining and Dredging Holdings Proprietary Limited ("IMDH") and its partner, Namibian Underwater Technology And Mining (Pty) Ltd. ("NUTAM"), whereby NUTAM will have an exclusive right to mine the ML111 property. As consideration for the right to mine, NUTAM will pay DFN a sliding royalty based on production from the property. No mining activity took place, and no income was received during the six-months ended December 31, 2019, during the year ended June 30, 2019, the Company received $1,105,530 net share of proceeds from NUTAM.

Madagascar Zircon project

In August 2016, the Company, through its wholly owned subsidiary, Kimberley Overseas, reached an agreement with Pala Investments Limited and Austral Resources Limited to acquire Action Mining Ltd., a Mauritius company which wholly owns Compagnie Generale des Mines de Madagascar ("CGMM"). CGMM owns 100% of the mining license (*Permis d'Exploitation* PE8096) for the Beravina zircon deposit in Madagascar.

7. EXPLORATION EXPENSES (CONTINUED)

Madagascar Zircon project (continued)

On May 16, 2019, the Company entered into a cooperation agreement with TMH Acquisition Co., a special purpose vehicle established by Denham Mining Fund LP ("TMH"), to advance the Company's Beravina project (the "Project") in Madagascar (the "Cooperation Agreement"). Pursuant to the terms of the Cooperation Agreement, TMH will make an immediate payment of $250,000 (received) to the Company and fund the next stage of exploration and development work on Beravina (the "Work Program"), expected to cost approximately $500,000 and to be completed within seven months from the date of entering into the Cooperation Agreement (the "Evaluation Period").

Pursuant to the Cooperation Agreement, TMH has the right to extend the Evaluation Period by a further three months if it has incurred expenditures of $500,000 and made a further payment of $250,000. The Company engaged an Environmental Impact Assessment (EIA) prior to exploration work which inevitably impacted the timing of the work programme, and, on November 11, 2019, the Company announced that it had agreed to extend the Evaluation Period without penalty until May 31, 2020.

TMH will have the option (the "Option") to buy 100% of the Project in consideration of: a net payment of $2,000,000; and, a nine percent royalty from future sales, subject to certain minimum deductions. Upon exercise of the Option, TMH is required to place the Project into production by no later than June 30, 2023 (the "Project Long-Stop Date"), subject to certain extensions for events of force majeure, such as permitting delays, but no longer than June 30, 2025. Should the Project not be placed into production by the Project Long-Stop Date, then TMH is be required to make advance payments to the Company, as follows:

A. $500,000 on the Project Long-Stop Date;
B. $500,000 six months after the Project Long-Stop Date; and,
C. $500,000 on every anniversary of the Project Long-Stop Date thereafter.

If TMH fails to make an advance royalty payment when due, then the Company shall have the right to reacquire the Project in consideration of 50% of any advance royalty payments made by TMH.

Atlantis II Red Sea project

The Company, through its joint venture partner, Manafa International Trade Company of Saudi Arabia ("Manafa") holds an interest in an exclusive thirty-year mining license extending over the Atlantis II Deeps. Pursuant to the terms of the joint venture agreement dated August 3, 2008, DFR and Manafa agreed that these licenses would be transferred into a joint venture company ("JVC"). It was agreed that DFR would own 50.1% of the JVC and Manafa would own 49.9%. Advancement of the project has been hindered since April 2013 following a dispute with Manafa over contractual terms, as such the license held by Manafa for the benefit of Manafa and DFR has not transferred under joint ownership as no JVC had been set up. The Company does not currently hold any interest in Manafa, but only in the Atlantis II license. The Company continues to explore avenues to resolve the impasse.

7. EXPLORATION EXPENSES (CONTINUED)

Atlantis II Red Sea project (continued)

The Company has evaluated this arrangement under the criteria within IFRS 11, Joint Arrangements, and has concluded that the arrangement is not jointly controlled. As at December 31, 2019, there are no assets or liabilities which are subject to this agreement aside from the license itself.

The Company continues to assert its rights to the project.

Other projects and prospects
The Company, during its normal course of business, engages with different parties as authorities to seek business opportunities on an ongoing basis. To the date of reporting, other than disclosed above, no other project or prospect has reached a stage which would be considered material for disclosure.

8. GENERAL AND ADMINISTRATIVE EXPENSES

	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$
Directors and secretary fees	**131,250**	143,000
Consultancy fees	**161,381**	309,098
Audit and tax fees	**38,506**	54,033
Regulatory	**10,627**	27,259
Insurance	**4,034**	14,212
Investor relation	**24,549**	25,733
Office and other expenses	**51,455**	36,725
	421,802	610,060

9. OTHER INCOME

	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$
Share of net proceeds from sale of diamonds	-	1,105,530
Beravina cooperation agreement	-	250,000
	-	**1,355,530**

10. INCOME TAXES

Taxation is calculated at the rate prevailing in its respective operational jurisdiction. There is no deferred tax charge arising for the Company for the year.

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2019	June 30, 2019
	$	$
Loss for the period	**(725,745)**	(111,695)
Expected income tax (recovery)	**(195,000)**	(425,000)
Change in statutory, foreign tax, foreign exchange rates and other	**(23,000)**	(150,000)
Permanent difference	**(60,000)**	620,000
Share issue costs	**(2,000)**	(2,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	**254,000**	(1,657,000)
Change in unrecognized deductible temporary differences	**(94,000)**	1,614,000
Total income tax expense (recovery)	**-**	-

Deferred Tax Assets and Liabilities

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2019	June 30, 2019
Deferred Tax Assets	**$**	$
Property and equipment	**80,000**	81,000
Share issue costs	**2,000**	2,000
Allowable capital losses	**1,222,000**	1,215,000
Non-capital losses available for future periods	**8,053,000**	8,153,000
	9,357,000	9,451,000
Unrecognised deferred tax assets	**(9,357,000)**	(9,451,000)
Net deferred tax assets	**-**	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2019	**Expiry**	**June 30, 2019**	**Expiry**
	$	**Date Range**	**$**	**Date Range**
Temporary Differences				
Property and equipment	**298,000**	No expiry date	301,000	No expiry date
Share issue costs	**6,000**	2040 to 2042	7,000	2040 to 2042
Allowable capital losses	**4,524,000**	No expiry date	4,500,000	No expiry date
Non-capital losses available for future period	**20,352,000**	2023 to indefinite	20,374,000	2023 to indefinite

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. SHARE CAPITAL

Authorized share capital

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

Issued and outstanding share capital

As at December 31, 2019 and June 30, 2019 the Company had 67,895,662 issued and outstanding shares.

Stock Options

The Company has 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. 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 June 30, 2018 to December 31, 2019:

Grant Date	Expiry Date	Opening balance	During the year			Closing balance
			Granted	Exercised	Expired	
Balance at June 30, 2018		3,852,800	-	-	-	3,852,800
07/09/13	07/09/18	-	-	-	(490,000)	(490,000)
08/28/18	08/27/23		1,837,200			1,837,200
Balance at June 30, 2019		3,452,800	1,837,200	-	(490,000)	5,200,000
08/28/18	08/27/23	-	-	-	(50,000)	(50,000)
Balance at December 31, 2019		**3,852,800**	**1,837,200**	**-**	**(540,000)**	**5,150,000**

The following is a summary of options vested and outstanding at December 31, 2019:

Grant Date	Expiry Date	Exercise price (**CAD**)	Vested at December 31, 2019	Outstanding at December 31, 2019
12/12/16	12/11/21	$0.145	2,962,800	2,962,800
02/05/18	02/04/23	$0.145	266,667	400,000
08/28/18	08/27/23	$0.145	1,191,467	1,787,200
Balance at December 31, 2019			**4,420,934**	**5,150,000**

11. SHARE CAPITAL (CONTINUED)

Stock Options (continued)

The weighted average exercise price of options outstanding as at December 31, and June 30, 2019, was CAD $0.145.

During the period ended December 31, 2019, no stock options (June 30, 2019 – 1,837,200) were granted and 50,000 stock options (June 30, 2019 – 490,000) expired. Using the below assumptions, and on the basis no share options were granted during the period, share based compensation accounted during the period was $ 27,170 (June 30, 2019 - $ 92,796), the fair value of options granted during the comparative period (June 30, 2019) was $0.063 per option.

The fair value of options granted was determined using the Black-Scholes valuation model using the weighted average assumptions outlined in the following table.

	December 31, 2019	June 30, 2019
Expected volatility	**-**	203%
Risk-free interest rate	**-**	2.21%
Expected life (years)	**-**	5
Dividend yield	**-**	-
Forfeiture	**-**	-

Share purchase warrants

A summary of share purchase warrant activity and information concerning currently outstanding and exercisable warrants from June 30, 2018 to December 31, 2019 is as follows:

Grant date	Opening balance	During the year			Closing balance	Exercisable
		Granted	Exercised	Forfeited / expired		
Balance at June 30, 2018 and 2019	10,666,667				10,666,667	10,666,667
Movement during the year	-	-	-	-	-	-
Balance at December 31, 2019	**10,666,667**	**-**	**-**	**-**	**10,666,667**	**10,666,667**
Weighted average price CAD	$0.125				$0.125	$0.125

Nature and purpose of equity

The reserves recorded in equity on the Company's consolidated statement of financial position include "Contributed Surplus," "Accumulated Deficit" and "Accumulated Other Comprehensive Loss."
"Contributed Surplus" is used to recognize the value of share option grants prior to exercise.
"Accumulated Deficit" is used to record the Company's change in deficit from year to year.
"Accumulated Other Comprehensive Loss" includes foreign exchange losses/gains on translating subsidiaries with a functional currency different from that of the US dollar.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Company had issued warrants for financing purposes at various prices. As the warrants have an exercise price denominated in Canadian dollars, which is different to the functional currency of the Company (U.S. dollar), the share purchase warrants are treated as a derivative financial liability and the fair value movement during the year was recognized in the statement of loss and comprehensive loss.

The change in fair value of the derivative financial liabilities measured using the Binomial valuation model is as follows:

	Warrants (Note 11) $
Balance, June 30, 2018	665,732
Movement in fair value	86,932
Movement in foreign exchange rates	1,773
Balance, June 30, 2019	754,437
Movement in fair value	185,277
Movement in foreign exchange rates	5,482
Balance, December 31, 2019	**945,196**

The fair value of the derivative financial instruments was determined using the Binomial valuation model using the weighted average assumptions outlined in the following table.

	December 31, 2019	June 30, 2019
Expected volatility	**109%**	106%
Risk-free interest rate	**1.71%**	1.41%
Expected life	**1.73 years**	2.23 years

13. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital items:

	December 31, 2019	June 30, 2019
	$	$
Decrease / (Increase) in:		
Prepaid expenses and other receivables	**22,076**	(3,592)
Increase in:		
Accounts payable and accrued liabilities	**113,425**	83,437
	135,501	79,845

Significant non-cash transaction for the period:

	December 31, 2019	June 30, 2019
	$	$
Currency translation adjustment on net assets	**(6,034)**	6,355

14. SEGMENTED INFORMATION

At December 31, 2019, the Company operates in four main geographical locations as set below. Other operations comprise South Africa and British Virgin Islands and these do not constitute a separate reportable segment.

Assets by geographic location for the periods ended December 31, and June 30, 2019 were as follows:

As at December 31, 2019	Head Office	Namibia	Madagascar	Other	Total
	$	$	$	$	$
Total assets	30,016	1,159,416	21,755	2,215	1,213,402

As at June 30, 2019	Head Office	Namibia	Madagascar	Other	Total
	$	$	$	$	$
Total assets	242,797	1,314,162	42,691	8,143	1,607,793

15. 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 the Company's 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 may attempt to raise capital or borrow funds, although there is no certainty that such financing will be available with 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 Instruments Risks

The Company is exposed in varying degrees to a variety of financial instruments 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.

15. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

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 Namibia, Madagascar and West Africa and purchases goods and services denominated in US dollars, Namibian dollars, Madagascan Ariary and South African Rand. As such, the Company has exposure to foreign currency exchange rate fluctuations at this time. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign currency risks.

The following table reflects the Company's foreign currency exposure as of December 31, 2019:

	Currency CAD	Currency NAD	Currency Other	Currency USD	Total
Financial Assets	$	$	$	$	$
Cash	1,706	1,155,316	7,929	37,835	1,202,786
Other receivables	2,070	4,100	-	4,446	10,616
	3,776	1,159,416	7,929	42,281	1,213,402
Financial Liabilities	$	$	$	$	$
Accounts payable and accrued liabilities	69,403	35,020	151,688	76,043	332,154
Derivative financial instruments	945,196	-	-	-	945,196
	1,014,599	35,020	151,688	76,043	1,277,350

As at December 31, 2019, with other variables unchanged, a 10% change in the NAD to USD exchange rate would result in a $112,000 change in foreign exchange gain (loss).

Interest rate risk

The Company does not have any financial instruments subject to interest rate risk at December 31, 2019.

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company has no equity holdings and is therefore not exposed to this risk.

Commodity price risk

Commodity price risk is the uncertainty associated with the valuation of assets arising from changes in commodities. Though the Company is at an early exploration stage it is exposed to price risk through its Namibian operations where an initial six months (non continuous) mining program has started.

15. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

Credit risk

The Company is primarily exposed to credit risk on its cash and the risk of financial loss if a 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. The following is a summary of the Company's liabilities and their respective due dates as at December 31, 2019:

	Total	< 1 year	1 – 2 years
	$	$	$
Accounts payable and accrued liabilities	332,154	332,154	-

Determination of fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash, receivables, accounts payable and accrued liabilities and derivative financial instruments approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's cash is measure using Level 1 fair value measurements. The Company's derivative financial instruments are measured using level 3 inputs.

16. RELATED PARTY TRANSACTIONS

The Company provided the following compensation to key management personnel of the Company for the periods ended December 31, 2019 and June 30, 2019, which are recorded in the following accounts in these consolidated financial statements:

	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$
G&A - JL Charles, CFO and Secretary	**77,250**	98,000
G&A - Sybrand van der Spuy, President and CEO	**75,000**	112,215
G&A - Fasken Martineau LLP[1]	**99,582**	275,282
E&E - David Reading	**-**	35,342
G&A – Earl Young (former Director and CFO)	**-**	18,000
E&E – Bertrand Boulle	**4,972**	-
Total, excluding share based compensation	**256,804**	538,839
Share based compensation – Directors & Officers	**26,474**	90,573

G&A - denotes general and admin expenses
E&E – denotes evaluation and exploration expenses

As at December 31, 2019, a total of $180,586 (June 30, 2019 - $108,046) fees and expenses were payable to related parties as follows: $56,532 (June 30, 2019 - $Nil) payable to the Chief Financial Officer; $121,758 (June 30, 2019 - $108,046) payable to Fasken Martineau LLP[1] (London); and, $2,296 (June 30, 2019 - $Nil) payable to a director.

Note:
Fasken Martineau LLP[1] - Albert Gourley, a Director of the Company, holds office as the Regional Managing Partner of Fasken Martineau LLP.

17. SUBSEQUENT EVENTS

On January 20, 2020, the Company completed a working capital financing announced on January 15, 2020, whereby the Company entered into binding agreement with Albert C. Gourley Professional Corporation (an entity controlled by the Company's Non-Executive Chairman, Mr. Al Gourley), and its major shareholder, Spirit Resources SARL ("the Lenders").

Each Lender subscribed for C$100,000 worth of common shares at an issue price of C$0.20 per Common Share and advanced the Company C$400,000 at an interest rate of 10% repayable on December 31, 2020 ("the Loan") giving the Company working capital of C$1,000,000 in aggregate. The Loans may be repaid earlier in the event that the Company and its subsidiaries: complete an equity financing or otherwise receive funding, payments or income equal to C$1,000,000; or the Company's Namibian subsidiary receives authorisation from the Bank of Namibia to remit not less than US$500,000 from Namibia.

Subsequently, 1,000,000 common shares were issued, and approval was received from the Bank of Namibia to repay up to $870,000 in intercompany loans. As such, the Loans will be due for repayment by May 31, 2020.

Schedule C-1 – DFR Annual Management Discussion and Analysis
for the year ended December 31, 2020

DIAMOND FIELDS
RESOURCES

Management's Discussion and Analysis of Financial Condition and Results of Operations
For the year ended December 31, 2020
Date of release April 30, 2021

DIAMOND FIELDS RESOURCES INC.
Management's Discussion and Analysis
Year ended December 31, 2020
(All amounts are expressed in U.S. dollars except where otherwise indicated)

INTRODUCTION

This Management Discussion and Analysis ('MD&A") for the year ended December 31, 2020 has been prepared as at April 30, 2021, 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 Diamond Fields Resources Inc. ("Diamond Fields", "DFR" or "the Company"), are forward-looking statements that involve various risks, uncertainties and assumptions. The MD&A should be read in conjunction with the consolidated financial statements of Diamond Fields.

Change in financial year to December 31,

Effective December 2019, the Company changed its financial year-end from June 30 to December 31 to align reporting with that of its mining sector peers and its Madagascan subsidiary. The change in year-end has resulted in the Company filing a one-time six-months transitional fiscal year covering the period July 1, 2019 to December 31, 2019. Subsequent to the transitional fiscal year, the Company's financial year will cover the period January 1 to December 31; accordingly, the report for the year ended December 31, 2020 is the Company's first full year report subsequent to the adoption of the new financial year end.

Coronavirus Covid-19 Pandemic

On March 11, 2020, the World Health Organization (WHO) declared coronavirus COVID-19 a global pandemic (the "Pandemic"). This contagious disease outbreak, which has continued to spread, and the related adverse public health developments, have negatively affected workforces, economies, and financial markets globally, leading to an economic downturn. Several vaccines have been approved by WHO since late 2020 and mass vaccination has started in many jurisdictions. The pandemic has negatively impacted the Company's projects in Namibia and Madagascar. It is not possible for the Company to predict the duration and magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Additional information about Diamond Fields is available on SEDAR at www.sedar.com.

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.

DIAMOND FIELDS RESOURCES INC.
Management's Discussion and Analysis
Year ended December 31, 2020
(All amounts are expressed in U.S. dollars except where otherwise indicated)

OVERVIEW

Description of business

Diamond Fields is a British Columbia governed company listed on the TSX Venture Exchange. The Company is active in mineral exploration, and has business interests in Madagascar, Namibia and in the Red Sea (jointly managed by The Kingdom of Saudi Arabia and the Republic of Sudan). Moreover, the Company is actively engaged in the assessment of additional mineral projects around the world to identify new opportunities.

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

Principal Assets

Beravina (Zircon). The Company through its Madagascar-based subsidiary, Compagnie Generale des Mines de Madagascar, owns a Mining Licence (*Permis d'Exploitation* PE 8096) for the exploration and mining of the Beravina deposit that is 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. An NI 43-101 technical report filed by the Company on January 29, 2019 reported an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO4) (equivalent to 15.3% ZrO2). On May 16, 2019, the Company entered into a cooperation agreement with TMH Acquisition Co. ("TMH") to advance the project (the "Cooperation Agreement"). An infill drilling program undertaken by TMH between late 2019 and early 2020 confirmed the Zircon grade as reported under the technical report.

Namibia (Diamonds). Through its Namibian subsidiaries, the Company owns several offshore diamond mining licences in Namibia, including ML111 where the Company has historically produced diamonds (2001-2008, 2016 and 2018-2019). The Company also holds ML139 and 70% of ML32.

Red Sea (Zinc, Copper, Manganese, Cobalt and others). The Atlantis II basin containing the Atlantis II deposit is located at the bottom of the Red Sea. The Project is currently the subject of a dispute with DFR's joint venture partner, Manafa International Ltd., over certain contractual issues. The Company cannot ascertain whether the licence is in good standing.

REVIEW OF OPERATIONS

Highlights

Coronavirus Covid-19 Pandemic

All jurisdictions where the Company does business have been directly or indirectly impacted by the Pandemic. The Company cannot measure the full extent of the impact of the Pandemic on its activities at this stage, but progress on the Company's projects has already been hindered.

Beravina Project - Madagascar

Following approval for a proposed drilling program from the Ministry of Mines and Strategic Resources and approval of an Environmental Impact Assessment ("EIA") by the Madagascan *Office National pour l'Environnement* ("ONE"), TMH proceeded with a drilling campaign during the last quarter of 2019. The Company announced the results from the TMH drilling program on June 29, 2020 (delayed due to the prevalence of the Pandemic) confirming the average deposit grade of approximately 15% ZrO_2 as discussed under subheading *Projects* further below.

Prior to announcing the drilling results, on June 26, 2020, the Company and TMH amended the Cooperation Agreement, requiring DFR to undertake the next phase of work (the "DFR Work Programme") and extending the time for TMH to exercise its option to acquire the project. On September 29, 2020 the deadline for completion of phase 1 and start of phase 2 of the DFR Work Programme was extended to May 31, 2021 and the deadline for TMH to exercise its purchase option was extended to August 31, 2021 at the latest. At the date of this report DFR has not yet started ground work pertaining to the DFR Work Programme in Madagascar due to the severe travel restrictions linked to the Pandemic. Discussions with TMH about a further extension to the deadline of the DFR Work Programme are ongoing.

Diamond Mining - Namibia

Following the conclusion of a short mining campaign in 2019, discussions are continuing with International Mining and Dredging Holdings (Pty) Limited ("IMDH"), which carried out the campaign via its subsidiary NUTAM Operations (Pty) Ltd ("NUTAM"). IMDH continues to assess, amongst other things, the need for and possible extent of further exploration and development work in order to potentially improve mining performance. The timing as to any resumption of mining at the ML111 concession is dependent upon the conclusion of discussions with IMDH.

Other prospects and projects

The Company continues to review and assess the suitability of a number of additional mining projects around the world.

Overall operation updates and performance

The Company posted net loss of $678,662 (six-months ended December 31, 2019: $725,745; year ended June 30, 2019: $111,695) for the year ended December 31, 2020.

Corporate activities

The Company concluded a CAD 1,000,000 working capital financing during the first quarter, raising concurrently CAD 200,000 through a share issue and a further CAD 800,000, through a debt arrangement from two related-party lenders, which were repayable on December 31, 2020 or earlier if the Company completed a financing or received authorisation from the Bank of Namibia to export certain funds from Namibia. The Namibian subsidiary received the requisite authorisation within the first quarter and, as such, the loans and interests were fully repaid during the second quarter.

RESULTS OF OPERATIONS

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

Other income, consisting of interest, amounted to $10,352 (six-months ended December 31, 2019: $24,093, consisting of interest; year ended December 31, 2019: $1,385,291, consisting of net proceeds from sale of diamonds amounting to $1,105,530, proceeds from Beravina Cooperation Agreement amounting to $250,000 and interest amounting to $29,761) for the year ended December 31, 2020.

Review of selected financial and operating results

Selected period ends financial and non-financial information

	Year ended December 31, 2020	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$	$
Revenue, interest and other income, gains on disposal	**10,352**	24,093	1,385,291
Exploration and evaluation expenses	**(238,691)**	(94,090)	(707,393)
General and administrative expenses	**(587,586)**	(421,802)	(610,060)
Share based compensation	**(8,767)**	(27,170)	(92,796)
Fair value movement on derivative instruments	**437,482**	(185,277)	(86,932)
Interest expense	**(56,107)**	-	-
Foreign exchange gain	**(235,345)**	(21,499)	195
Exchange difference on translation of foreign operations	**8,478**	(6,034)	6,355
Comprehensive loss	**(670,184)**	(731,779)	(105,340)
Weighted average number of shares outstanding	**68,797,032**	67,895,662	67,895,662
EPS - basic (cents)	**(0.99)**	(1.07)	(0.16)

The Company incurred $238,691 (six-months ended December 31, 2019: $94,090; year ended June 30, 2019: $707,393) on exploration and evaluation expenses (E&E) for the year ended December 31, 2020. The breakdown of E&E for the year is as follows: new prospects and projects: $147,205; Namibian projects: $46,562; and, Madagascar Beravina project $44,924. Most of the expenses incurred on Beravina project until the first quarter 2020 were refunded by TMH pursuant to the Cooperation Agreement.

General and administrative overheads (G&A) amounted to $587,586 for the year ended December 31, 2020 (six-months ended December 31, 2019: $421,802; year ended June 30, 2019: $610,060), made up mainly of consultancy and professional fees.

Share-based compensation for the year ended December 31, 2020 amounted to $8,767 (six-months ended December 31, 2019: $27,170; year ended June 30, 2019: $92,796) following the vesting of stock options granted during the preceding reporting periods.

For the year ended December 31, 2020, a credit of $437,482 (six-months ended December 31, 2019, charge of $185,277; year ended June 30, 2019 charge of $86,932) was recognised as fair value movement of derivative instruments in the statement of loss, following a revaluation of 10,666,667 outstanding warrants which were issued on September 23, 2016 to Spirit Resources at an exercise price of CAD 0.125. The gain arose mainly as a result of DFR stock trading comparatively lower on the last day of the reporting period (CAD 0.145) compared to December 31, 2019 (CAD 0.185) in addition to the reduction in the remaining life of the warrants which was 0.73 years (December 31, 2019: 1.73 years; June 30, 2019: 2.23 years) at the end of the reporting period and lower interest rates.

Interest expense amounting to $56,107 for the year ended December 31, 2020 (December 31 and June 30, 2019 – Nil) relates to interest charge on loans raised during the first quarter, fully repaid during the second quarter of the financial year under review.

Loss on foreign exchange amounting to $235,345 for the year ended December 31, 2020 (six-months ended December 31,2019: $21,499; year ended June 30, 2019 (gain): $195) arose mainly during the first quarter upon the exchange of Namibian Dollars (NAD) held in Namibia (following approval from the Bank of Namibia) to US Dollars when the NAD suffered over 20% depreciation against the USD during the first quarter of the reporting period as a consequence of the Pandemic.

Projects

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 NI 43-101 technical report, disclosing an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO4) (equivalent to 15.3% ZrO2). The report is available on SEDAR and the Company's website, with the reported resource summarised below.

Category	Tonnes (Millions)	ZrO_2 %	$ZrSiO_4$ %	HfO_2 %	ThO_2 ppm	U_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 (the "2018 Work Program") in advance of an intended drill program. 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. Further testing is expected to result in processing refinements that might further improve the grade and quality of expected product.

On May 16, 2019, the Company entered into the Cooperation Agreement with TMH, a special purpose vehicle established by Denham Mining Fund LP, to advance the Company's Beravina project (the "Beravina Project") in Madagascar. Pursuant to the terms of the Cooperation Agreement, TMH made a payment of $250,000 to the Company and committed to fund the next stage of exploration and development work at Beravina (the "2019 Work Program"). The 2019 Work Program was expected to incur costs of approximately $500,000 and to be completed within seven months from the date of the Cooperation Agreement (the "Evaluation Period"). TMH has the right to extend the Evaluation Period by a further three months if it has incurred expenditures of $500,000 and has made a further payment of $250,000.

TMH submitted a planned drill program comprising of 14 drill holes as part of the 2019 Work Program. DFR obtained approval for the drilling program from the Ministry of Mines and Strategic Resources and approval for its Environmental Impact Assessment ("EIA"). EIA approval was only provided on October 29, 2019, which resulted in a delay in implementation of planned drilling to early November 2019. As the delay was not anticipated by the Company or TMH, the Company granted an extension to the Evaluation Period (which was originally envisaged as being 7 months from 16 May 2019), without financial penalty, to May 31, 2020.

TMH performed exploration drilling, sampling and assaying work pursuant to the 2019 Work Program during the period September 2019 to March 2020. A total of 13 diamond core drill holes (906 meters) were completed before the program was curtailed due to the onset of the rainy season in Madagascar. On June 29, 2020, DFR published a summary of the assay results from the 2019 Work Program which delivered a weighted average grade estimate of 15.5% ZrO_2 confirming the 15.3% grade of the Company's NI 43-101 technical report referred to above. Please refer to DFR's release dated June 29, 2020 for further details.

On June 26, 2020, DFR announced an amendment to the Cooperation Agreement (the "Amended Agreement") which requires DFR to undertake the next phase of work, involving a high-resolution magnetic drone survey, the development of digital elevation models and limited groundwork ("Phase 1") with the aim of locating potential new mineral deposits and extensions to the existing deposit. If successful, the Company agreed that it would then engage in a drilling campaign on the Project ("Phase 2") to be completed by 30 November 2020. DFR has committed to spend between US$250,000 and US$350,000 in connection with such activities, subject to ongoing positive results. The Amended Agreement extended the time available for TMH to exercise its option to acquire the Project (which may be extended a further three (3) months through an advance payment (on the Option exercise price) of US$250,000) until December 31, 2020.

On September 29, 2020, due to ongoing travel and operational restrictions resulting from the COVID-19 pandemic, the Company announced that it had agreed to a further eight month extension to the Cooperation Agreement, such that the deadline for DFR to complete Phase 1 and commence Phase 2 would be extended to May 31, 2021, and, consequently the deadline for completion of Phase 2 would be extended to July 31, 2021, and the time available for TMH to exercise its option to acquire the Project would be extended to August 31, 2021. At the date of issue of this report, DFR had not executed on Phase 1 due to travel restrictions associated with the prevailing Pandemic. The Company is in discussions with TMH about a further extension to the deadlines for commencement and completion of both Phase 1 and Phase 2.

TMH has the option (the "Option") to acquire 100% of the Project in consideration of a payment of $2,000,000 and the grant of a nine percent royalty from future sales, subject to certain minimum deductions. Pursuant to the Amended Agreement, upon exercising the Option TMH must also reimburse DFR for the amount of expenditures incurred by DFR in connection with Phase 1 and Phase 2 of the Amended Agreement. Upon exercise of the Option, TMH is required to place the Project into production by no later than 30 June 2023 (the "Project Long-Stop Date"), subject to certain extensions for events of force majeure, such as permitting delays, but no longer than 30 June 2025. Should the project not be placed into production by the Project Long-Stop Date, then TMH is required to make advance royalty payments to the Company, as follows:

A. $500,000 on the Project Long-Stop Date;
B. $500,000 six months after the Project Long-Stop Date; and,
C. $500,000 on every anniversary of the Project Long-Stop Date thereafter.

If TMH should fail to make an advance royalty payment, when due, then the Company shall have the right to reacquire the Project in consideration of 50% of any advance royalty payments made by TMH.

Most of the costs incurred by the Company for the Beravina Project from the start of the 2019 Work Programme until March 31, 2020 have been refunded by TMH, the costs incurred from April 2020 onwards are for the Company's account. Expenditures born by the Company for the year ended December 31, 2020 amounted to $44,924 (six-months ended December 2019: $Nil; year ended June 30, 2019: $171,218).

Namibian Marine Diamond Concessions

The Company holds three mining licences off the coast of Namibia. The principal mining licence, ML111, is held by its subsidiary, Diamond Fields (Namibia) (Pty) Limited ("DFN"), and is valid until December 4, 2025. DFN also holds mid to deep water offshore licence ML139, which expires in November 2029. Namibian Diamond Company (Pty) Limited ("NDC"), a 70% owned Namibian subsidiary, holds a near shore mining licence, ML32, which expires on December 17, 2023. An Environmental Clearance Certificate for ML32 was issued by the Ministry of Environment and Tourism on April 24, 2019.

In November 2017, IMDH and NUTAM presented DFR (and its subsidiary DFN) with an initial six months (non-continuous) mining program and, on November 10, 2018, IMDH/NUTAM's vessel MV Ya Toivo started mining activities on ML111. Phase 1 was completed on January 13, 2019, producing 47,298.18ct net weight rough diamonds from which the Company's share of net proceeds amounted to $1,105,530 during the year ended June 30, 2019.

Following completion of the first phase of the mining campaign (in January 2019), the Company and IMDH have been assessing the results and considering the need for further exploration and development work before completing the mining compaign. Such work is expected to improve recoveries from the remaining blocks under the current ML111 mining plan. As a result of these discussions, further mining campaigns of the ML111 mining program have been delayed. Any resumption of mining with IMDH is dependent upon the conclusion of these discussions.

The Company has incurred $46,562 (six-months ended December 31, 2019: $31,644; year ended June 30, 2019: $155,831) on the Namibian operations for the year ended December 31, 2020.

Atlantis II, Red Sea

The Atlantis II deposit is comprised of a series of interlinked sub-basins predominantly infilled by a series of SEDEX (Sedimentary Exhalative) sedimentary sequences. Pursuant to an agreement reached in 2011, a 30-year mining licence issued by the Joint Red Sea Commission to Manafa International Trade Company ("Manafa") was to be transferred to a joint venture company that was to be majority owned by the Company. Diamond Fields was entitled to a 50.1% interest in such company, with Manafa to hold the remaining 49.9% of shares. Manafa never transferred the licence resulting in a dispute.

Diamond Fields has completed an independent resource analysis based on the original core data from the Atlantis II Deeps collated by Preussag. Development of the project has been hindered since April 2013 following the dispute with Manafa, and the Company cannot ascertain whether the licence is in good standing. Diamond Fields continues to take efforts aimed at finding a resolution to the dispute. No significant expenditures were incurred on the project during the reporting period. Any expenditure incurred on the project is accounted and reported under sub-heading *evaluation of new prospects and other projects* in the financial statements and MD&A.

Evaluation of new prospects and other projects

The Company continues its efforts to secure new projects, which involve the engagement of consultants and professionals. For the year ended December 31, 2020, the Company incurred $147,205 (six-months ended December 31, 2019: $62,447; year ended June 30, 2019: $380,344) on the evaluation of new projects, made up mainly of consultancy and professional fees for desktop evaluations. No project other than as reported above has reached a stage which would require disclosure and separate reporting.

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 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019
Other Income	199	757	528	8,868	14,241	9,852	262,097	1,110,467
Net (Loss) / Income	(306,314)	134,503	(685,603)	178,752	(102,573)	(623,172)	(297,058)	517,182
Basic (Loss) / Earnings per share	(0.00)	0.00	(0.01)	0.00	(0.00)	(0.01)	(0.00)	0.01

CAPITAL RESOURCES AND LIQUIDITY

Cash and Working Capital

At December 31, 2020, the Company had working capital deficit amounting to $573,645 (December 31, 2019: $63,948; June 30,2019 working capital: $640,661), including cash amounting to $234,937 (December 31, 2019: $1,202,786; June 30, 2019: $1,575,101). The Company also suffered a substantial $967,849 decrease in cash, which arose mainly as a result of: operating costs $826,277, loss on foreign exchange $235,345 and interest expense $56,107, partly offset by $151,720 arising from proceeds from a share issue. The resulting change in working capital deficit amounting to $509,697 was substantiually lower than the reduction in cash due to the favourable variance on the derivative financial instruments.

During the first quarter of the financial year, the Company entered into a short term debt arangement with two related parties, raising CAD 800,000 concurrently with a CAD 200,000 share issue, to fund working capital, repayable on December 31, 2020 or earlier, subject to the Company completing a financing or obtaining approval to export certain funds from Namibia. The Company received approval from the Bank of Namibia to transfer NAD 12,000,000 to the Company's USD bank account, accordingly, the $606,878 loans received during the first quarter have been settled in full, together with interest amounting to $56,107, during the second quarter.

Share and loans transactions

The Company had 67,895,662 outstanding shares as at December 31, 2019. During the first quarter, the Company entered into a working capital financing agreement with: Albert C. Gourley Professional Corporation, an entity controlled by its Non-Executive Chairman, Mr Albert Gourley; and, its major shareholder, Spirit Resources SARL ("the Lenders"). Each Lender subscribed for CAD 100,000 common shares at an issue price of CAD 0.20 per Common Share and advanced the Company CAD 400,000 at an interest rate of 10% repayable on December 31, 2020 ("the Loan") giving the Company working capital of CAD 1,000,000 in aggregate. Upon closing, the Company issued 1,000,000 common shares and the total number of shares outstanding increased to 68,895,662.

The Loan was required to be repaid earlier in the event that the Company and its subsidiaries: completed an equity financing or otherwise received funding, payments or income equal to CAD 1,000,000; or the Company's Namibian subsidiary received authorisation from the Bank of Namibia to remit not less than $500,000 from Namibia. The Company's subsidiary received approval from the Bank of Namibia, and transferred NAD 12,000,000 (equivalent to $679,852) to the Company's bank account. as such, the Loan was repaid together with interest as commented under the sub-heading *Cash and Working Capital*.

Stock options and warrants

The Company operates a fixed, less than 10%, stock option plan and has approval to issue up to a maximum of 6,789,000 stock options as at December 31, 2020 (December 31, 2019: 6,789,000). A total of 5,150,000 stock options were outstanding as at December 31, 2019 and 2020. All the outstanding 5,150,000 options (December 31, 2019: 4,420,934 options; June 30, 2019: 3,841,867) had vested as at December 31, 2020. All outstanding and unexercised options have an exercise price of CAD 0.145 per share. An amount of $8,767 (December 2019: $27,170; June 2019: $92,796) was recognized as share-based compensation during the year ended December 31, 2020.

A balance of 10,666,667 stock warrants with an exercise price of CAD 0.125 per unit were outstanding at December 31, 2020 and 2019. The warrants were issued to Spirit Resources SARL ("Spirit"), an entity owned by the Company's major shareholder, in 2016 upon closing a CAD 1,000,000 equity financing with Spirit. If not exercised, the warrants will expire on September 23, 2021.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 judgments 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 consolidated financial statements within the next financial year are discussed below:

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 in Note 10 of the latest audited financial statements.

Derivative Financial Instruments

The Company has determined that its functional currency is the US dollar and has issued non-broker warrants in a currency other than its functional currency. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value derivative financial instrument transactions are disclosed in Notes 11 of the latest audited financial statements.

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.

ADOPTION OF NEW ACCOUNTING STANDARDS & OTHER PROPOSED FUTURE ACCOUNTING CHANGES

New standards, amendments and interpretations not yet effective

IFRS 17, Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts and requires that liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts.

IFRS 17 supersedes IFRS 4, Insurance Contracts, and related interpretations, and is effective for reporting periods beginning on or after January 1, 2021.

The Company does not anticipate that the application of IFRS 17 in the future will have a material impact on the amounts reported and disclosures made in the Company's consolidated financial statements.

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, Mauritius, Namibia, Madagascar and South Africa and purchases goods and services denominated in US dollars, Canadian dollars, Namibian dollars, Madagascar Ariary, UK Pounds and South African Rand. 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

The Company does not have any financial instruments subject to interest rate risk at the date of reporting.

Equity price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company has no equity holdings and is therefore not exposed to this risk.

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 through its Namibian operations where intermittent mining and sale of products occur.

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.

RISK FACTORS

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

Additional Financing Requirements

The Company will require additional financing in order to continue the development of its 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.

Exploration activities will not necessarily result in the discovery of commercially recoverable quantities of targeted minerals (currently diamonds, zinc, copper, gold, nickel 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 diamonds, zinc, copper, zircon and/or nickel over and above those previously identified. Even if commercial quantities of diamonds, zircon or other minerals are discovered, economic recovery is dependent upon a number of factors, including the particular attributes of the deposit, such as terrain, size and grade, products prices and government regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of these factors are beyond the control of the Company.

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

Political Risks

The Company strives to minimize political risk by monitoring events in countries where it operates or where it considers operating, and by complying with local laws and regulations. The Company operates and conducts exploration activities in countries which have experienced civil unrest and/or civil warfare in recent years. It attempts to minimize the risks inherent in conducting operations and exploration in frontier areas by monitoring local conditions and avoiding high risk areas.

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 diamond, 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.

Sea diamond deposits are alluvial deposits located on the ocean floor. These deposits are particularly difficult to sample because of their remote nature, variable terrain and the location of diamonds in irregular gravel beds lying above and within crevices and potholes in the bedrock. As a result, there are no standard sampling tools and resource estimation practices employed for these types of deposits.

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.

Offshore diamond mining involves significant risks

The business of offshore diamond mining is subject to a variety of risks such as accidents, extreme marine and weather conditions, natural disasters, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which the Company cannot, or may elect not to insure, may result in damage to or destruction of mining equipment and infrastructure, injuries and loss of life, environmental damage, delayed production, increased production costs and possible legal liability to third parties, any or all of which may have a material adverse effect on the Company's financial position. The mining and processing systems and the vessels to be used in the Namibian marine concessions are to be at sea throughout the mining process, and weather conditions will inevitably have an effect on operations.

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 undertaking 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.

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 licences may be revoked by the applicable government authorities for failure to perform the obligations thereunder. Licences must be renewed periodically. The renewal process involves a review of the licence 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.

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.

Exchange controls may restrict the Company's ability to repatriate earnings

Namibia is part of the South African Rand Common Monetary Area ("CMA"). Exchange controls in the CMA require that dividends, loans, repayment of loans and payment of all invoices to parties outside the CMA by companies registered in the CMA require prior approval. The controls, as they relate to Namibia, are applied by the Bank of Namibia. The Company held the equivalent of $49,414 (in Namibian Dollars) in Namibia as at the reporting date, which it intends to use to effect payments in Namibia and CMA. Though the Company's subsidiary has received approval from the Bank of Namibia to refund part of the intercompany loan to the Company during the current financial year, there can be no assurance that the Company's subsidiary will continue obtaining the requisite approvals in the foreseeable future to repay inter-group loans or pay invoices to parties outside the CMA, including companies within the Company's corporate group not resident in the CMA. Thus, exchange controls may restrict the Company from repatriating funds and using those funds for other purposes.

Profitability may be affected by fluctuations in 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.

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

The concessions comprising the Company's projects are located in Namibia, Madagascar and the Red Sea Joint Commission area, 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 on by the Company in respect of its projects will be subject to government legislation, policies and controls relating to prospecting, development, production, importing and exporting of minerals, concession tenure, exchange controls, mining taxes, labour standards and environmental protection. There can be no assurance that such legislation, policies and controls will not have a material adverse effect on the business, operations and affairs of the Company.

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.

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.

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.

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.

OUTSTANDING SHARE DATA

Movement on shares and stock options have been reported under "Capital Resources and Liquidity" section of this MD&A. A total of 67,895,662 common shares were issued and outstanding as at December 31, 2019 and, 1,000,000 common shares were issued during the first quarter taking the total outstanding shares to 68,895,662. As at December 31, 2020 and 2019, a total of 5,150,000 stock options, all with a price of CAD 0.145 per share, were granted and unexercised. All 5,150,000 stock options (December 31, 2019: 4,420,934; June 30, 2019: 3,841,867) had vested as at December 31, 2020, with expiry dates between December 11, 2021 and August 27, 2023. A balance of 10,666,667 stock warrants with exercise price of CAD 0.125 per share were outstanding at December 31, 2020 and 2019. The warrants were issued in 2016, and if not exercised, will expire on September 23, 2021.

RELATED PARTY TRANSACTIONS

The Company provided the following compensation to related parties:

	Year ended December 31, 2020	six-months ended December 31, 2019	year ended June 30, 2019
	$	$	$
G&A - Jean Lindberg Charles - CFO and Secretary	**154,500**	77,250	98,000
G&A - Sybrand van der Spuy, President and CEO	**150,000**	75,000	112,215
G&A and E&E - Fasken Martineau LLP[1]	**255,485**	99,582	275,282
E&E - David Reading	**16,107**	-	35,342
G&A – Earl Young (former Director and CFO)	**-**	-	18,000
E&E - Bertrand Boulle	**-**	4,972	-
Share based compensation - Directors and Officers	**8,767**	26,474	90,573

[1]Mr. Al Gourley, serves as a director, and chairman of the Board of the Company, and is also the Regional Managing Partner of Fasken Martineau LLP London which provides advisory services to the Company.

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

SUBSEQUENT EVENTS

On April 30, 2021, The Company entered into an agreement with its major shareholder, Spirit Resources SARL ("Spirit") pursuant to which Spirit shall make available an unsecured term loan of $1,000,000 (the "Loan") to the Company at the rate of 8% per annum. The Loan shall be used for general corporate purposes and shall be repayable in full on April 29, 2022 or earlier upon receipt of the proceeds of any debt, equity or other financing.

PROPOSED TRANSACTIONS

The Company continues to review and assess projects which, if deemed suitable, will be pursued by the Company. As such, management may engage in discussions which involve potential investments, financing and related activities with different parties. As at the date of this MD&A, there is no material undisclosed proposed transaction.

Schedule C-2 DFR Management Discussion and Analysis
for the six months ended December 31, 2019

DIAMOND FIELDS
RESOURCES

Management's Discussion and Analysis of Financial Condition and Results of Operations
For the six-months ended December 31, 2019
Date of release April 28, 2020

DIAMOND FIELDS RESOURCES INC.
Management's Discussion and Analysis
Six-months ended December 31, 2019
(All amounts are expressed in U.S. dollars except where otherwise indicated)

INTRODUCTION

This Management Discussion and Analysis ('MD&A") for the six-months period ended December 31, 2019 has been prepared as at April 28, 2020, 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 Diamond Fields Resources Inc. ("Diamond Fields", "DFR" or "the Company"), are forward-looking statements that involve various risks, uncertainties and assumptions. The MD&A should be read in conjunction with the consolidated financial statements of Diamond Fields.

Change in financial year to December 31, 2019

Effective December 2019, the Company changed its financial year-end from June 30 to December 31 to align reporting with that of its mining sector peers and its Madagascan subsidiary. The change in year-end has resulted in the Company filing a one-time six-months transition year covering the period July 1, 2019 to December 31,2019. Subsequent to the transition year, the Company's financial year will cover the period January 1 to December 31.

Covid-19 Pandemic

On March 11, 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration and magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Additional information about Diamond Fields is available on SEDAR at www.sedar.com.

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.

OVERVIEW

Description of business

Diamond Fields is a British Columbia governed company listed on the TSX Venture Exchange. The Company is active in mineral exploration, and has business interests in Madagascar, Namibia and in the Red Sea (jointly managed by The Kingdom of Saudi Arabia and the Republic of Sudan).

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

Principal Assets

Beravina (Zircon). The Company through its Madagascar-based subsidiary, Compagnie Generale des Mines de Madagascar, owns a Mining Licence (*Permis d'Exploitation* PE 8096) for the exploration and mining of the Beravina deposit that is 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 technical report filed by the Company on January 29, 2019, reported an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO4) (equivalent to 15.3% ZrO2). On May 16, 2019, the Company entered into a cooperation and option to purchase agreement with TMH Acquisition Co. ("TMH") to advance the project (the "Cooperation Agreement").

Namibia (Diamonds). Through its Namibian subsidiaries, the Company owns several offshore diamond mining licences in Namibia, including ML111 where the Company had historic diamond production (2001-2008, 2016 and 2018-2019). The Company commenced a six-months (non-continuous) mining campaign on 10 November 2018 which was suspended on 13 January 2019 with the relocation of the Ya Toivo mining vessel from the Company's ML111 licence area. The Company also owns, ML139 and 70% of ML32.

Red Sea (Zinc, Copper, Manganese, Cobalt and others). The Atlantis II basin containing the Atlantis II deposit is located at the bottom of the Red Sea. The Project is currently the subject of a dispute with DFR's joint venture partner, Manafa International Ltd., over certain contractual issues.

REVIEW OF OPERATIONS

Highlights

Beravina Project - Madagascar

Following the execution of the Cooperation Agreement with TMH in May 2019, according to which TMH committed to fund the next stage of exploration and development work at Beravina (the "2019 Work Program"), TMH submitted a planned drill program comprising of 14 drill holes as part of the 2019 Work Program. During the first quarter, DFR obtained approval for the proposed drilling program from the Ministry of Mines and Strategic Resources. DFR submitted an Environmental Impact Assessment ("EIA") to the *Office National pour l'Environnement* ("ONE") in respect of the program, which was approved by ONE on October 29, 2019. Drilling commenced during early November 2019. The EIA process impacted on the timely execution of the seven months program as originally envisaged on May 16, 2019 (the "Evaluation Period"), which resulted in DFR voluntarily agreeing to extend the Evaluation Period, without financial penalty, until May 31, 2020.

Diamond Mining - Namibia

The Company has been reviewing the results from its first phase of mining with International Mining and Dredging Holdings (Pty) Limited ("IMDH"), which carried out the campaign via its subsidiary NUTAM Operations (Pty) Ltd ("NUTAM"). The Company believes that the results obtained from Phase 1 were in line with or exceeded its expectations. Nevertheless, IMDH continues to assess, amongst other things, the need for further exploration and development work in order to improve mining performance. The timing as to any resumption of mining at ML111 concession is presently outside of the Company's control.

Other prospects and projects

The Company continues to review and assess the suitability of additional projects.

Overall operation updates and performance

The Company posted a comprehensive loss of $731,779 (year ended June 30, 2019: $105,340) for the six-months period ending December 31, 2019.

Board and Senior Management

The Board consists of seven directors: Norman Roderic Baker, Bertrand Boulle, Francois Colette, Al Gourley (Chairman of the Board), Sybrand van der Spuy (CEO), David Reading and Philip Murphy. Jean Lindberg Charles is the CFO and Company Secretary.

RESULTS OF OPERATIONS

Review of selected financial and operating results

Selected period ends financial and non-financial information

	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$
Revenue, interest and other income, gains on disposal	**24,093**	1,385,291
Exploration and evaluation expenses	**(94,090)**	(707,393)
General and administrative expenses	**(421,802)**	(610,060)
Share based compensation	**(27,170)**	(92,796)
Fair value movement on derivative instruments	**(185,277)**	(86,932)
Foreign exchange (loss) gain	**(21,499)**	195
Exchange difference on translation of foreign operations	**(6,034)**	6,355
Comprehensive loss	**(731,779)**	(105,340)
Weighted average number of shares outstanding	**67,895,662**	67,895,662
Loss per share – basic and diluted (cents)	**(1.07)**	(0.16)

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

Other income, consisting of interest, amounted to $24,093 for the six-months ended December 31, 2019. Other income for the preceding reporting period relates to: the Company's share of net proceeds from the sale of 47,298.18 carats of diamonds mined from ML111, amounting to $1,105,530; proceeds of $250,000 from the Beravina Cooperation Agreement; and, the balance being interest income.

For the six-months ended December 31, 2019, the Company incurred $94,090 (year ended June 30, 2019: $707,393) on exploration and evaluation expenditures (E&E). E&E for the period is analysed as follows: new prospects and projects ($62,447); Namibian projects ($31,643). Beravina expenses are refunded by TMH in accordance with the Cooperation Agreement. General and administrative overheads (G&A) for the six-months ended December 31, 2019 amounted to $421,802 (year ended

June 30, 2019: $610,060) made up mainly of consultancy and professional fees. The comparatively higher G&A costs for the six-months ended December 31, 2019 is attributable mainly to fees of the executives of the Company, advisory fees for potential projects and accrual of audit fees. Share-based compensation for the six-months ended December 31, 2019 amounted to $27,170 (year ended June 30, 2019: $92,796) following the vesting of stock options granted during the preceding reporting period. For the six-months ended December 31, 2019, a charge of $185,277 (year ended June 30, 2019: $86,932) was recognised as fair value movement of derivative instruments in the income statement following a revaluation of 10,666,667 outstanding warrants which were issued on September 23, 2016 to Spirit Resources at an exercise price of CAD $0.125, as a result of higher DFR stock trading price on the last day of the reporting period, partly offset by the reduction in the remaining life of the warrants.

Projects

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 NI 43-101 technical report, disclosing an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO4) (equivalent to 15.3% ZrO2). The report is available on SEDAR and the Company's website, with the reported resource summarised below.

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

Consultants SGS South Africa, HATCH and the MSA Group have conducted analyses of the Beravina mineralisation, minerology, metallurgy and other deposit characteristics (the "2018 Work Program") in advance of an intended drill program. 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. Further testing is expected to result in processing refinements that might further improve the grade and quality of expected product.

On May 16, 2019, the Company entered into the Cooperation Agreement with TMH, a special purpose vehicle established by Denham Mining Fund LP, to advance the Company's Beravina project (the "Project") in Madagascar. Pursuant to the terms of the Cooperation Agreement, TMH made a payment of $250,000 to the Company and funded the 2019 Work Program, which was expected to cost approximately $500,000 and to be completed within seven months from the date of the Cooperation Agreement (the "Evaluation Period"). TMH has the right to extend the Evaluation Period by a further three months if it has incurred expenditures of $500,000 and has made a further payment of $250,000.

TMH submitted a planned drill program comprising of 14 drill holes as part of the 2019 Work Program. DFR obtained approval for the drilling program from the Ministry of Mines and Strategic Resources and approval for its Environmental Impact Assessment ("EIA"). EIA approval was only provided on October 29, 2019, which resulted in a delay in implementation of planned drilling to early November 2019. As the delay was not anticipated by the Company or TMH, the Company granted an extension to the Evaluation Period (which was originally envisaged as being 7 months from 16 May 2019), without financial penalty, to May 31, 2020.

TMH will have the option (the "Option") to buy 100% of the Project in consideration of: a payment of $2,000,000; and, the grant of a nine percent royalty from future sales, subject to certain minimum deductions. Upon exercise of the Option, TMH is required to place the Project into production by no later than 30 June 2023 (the "Project Long-Stop Date"), subject to certain extensions for events of force majeure, such as permitting delays, but no longer than 30 June 2025. Should the project not be placed into production by the Project Long-Stop Date, then TMH is required to make advance payments to the Company, as follows:

A. $500,000 on the Project Long-Stop Date;
B. $500,000 six months after the Project Long-Stop Date; and,
C. $500,000 on every anniversary of the Project Long-Stop Date thereafter.

If TMH should fail to make an advance royalty payment, when due, then the Company shall have the right to reacquire the Project in consideration of 50% of any advance royalty payments made by TMH.

Costs incurred by Company for the Beravina Project during the six-months ended December 31, 2019 have been refunded by TMH; costs for the preceding year (ended June 30, 2019) amounted to $87,424.

Namibian Marine Concessions

The Company holds three mining licences off the coast of Namibia. The principal mining licence, ML111, is held by its subsidiary, Diamond Fields Namibia (Pty) Limited ("DFN"), and is valid until December 4, 2025. DFN also holds mid to deep water offshore concession ML139, which expires in November 2029. Namibian Diamond Company (Pty) Limited ("NDC"), a 70% owned Namibian subsidiary, holds a near shore mining licence, ML32, which expires in December 17, 2023. An Environmental Clearance Certificate for ML32 was issued by the Ministry of Environment and Tourism on the April 24, 2019.

In November 2017, IMDH and NUTAM presented DFR (and its subsidiary DFN) with an initial six months (non-continuous) mining program and, on November 10, 2018, IMDH/NUTAM's vessel MV Ya Toivo started mining activities on ML111. Phase 1 was completed on January 13, 2019, producing 47,298.18ct net weight rough diamonds generating share of net proceeds amounting to $1,105,530 during the preceding financial year (ended June 2019).

Following completion of the first phase of the mining campaign (in January 2019), the Company and IMDH have been assessing the results and considering the need for further exploration and development work before completing the mining compaign. Such work is expected to improve recoveries from the remaining blocks under the current ML111 mining plan. As a result of these discussions, the second stage of the ML111 mining program has been delayed. Its resumption is dependent upon the conclusion of these discussions.

For the six-months ending December 31, 2019, the Company has incurred $31,644 (year ended June 30, 2019: $155,831) on the Namibian operations.

Atlantis II, Red Sea

The Atlantis II deposit is comprised of a series of interlinked sub-basins predominantly infilled by a series of SEDEX (Sedimentary Exhalative) sedimentary sequences. Pursuant to an agreement reached in 2011, a 30-year mining licence issued by the Joint Red Sea Commission to Manafa International Trade Company ("Manafa") was to be transferred to a joint venture company that was to be majority owned by the Company. Diamond Fields was entitled to a 50.1% interest in such company, with Manafa to hold the remaining 49.9% of shares.

Diamond Fields has subsequently completed an independent resource analysis based on the original core data from the Atlantis II Deeps collated by Preussag. Development of the project has been hindered since April 2013 following a dispute with Manafa over contractual terms. The Company continues to take efforts aimed at finding a resolution to the dispute. No significant expenditures were incurred on the project during the reporting period. Any expenditure incurred on the project is accounted and reported under sub-heading *evaluation of new prospects and other projects* in the financial statements and MD&A.

Evaluation of new prospects and other projects

The Company continues its efforts to secure new projects, which involve the engagement of consultants and professionals. The Company has incurred, for the six-months ending December 31, 2019, $62,447 (year ended June 30,2019: $380,344) on the evaluation of new projects. No project other than as reported above has reached a stage which would require disclosure and reporting under a separate sub-heading.

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 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018	Sep 30 2018	Jun 30 2018	Mar 31 2018
Other Income gains / (Loss) on sale of assets	14,241	9,852	262,097	1,110,467	5,731	6,996	(3,518)	4,826
Net (Loss) / Income	(102,573)	(623,172)	(297,058)	517,182	(330,847)	(974)	133,673	(240,711)
Basic (Loss) / Earnings per share	(0.00)	(0.01)	(0.00)	0.01	(0.00)	(0.00)	0.00	(0.00)

CAPITAL RESOURCES AND LIQUIDITY

Cash and Working Capital

At December 31, 2019, the Company had a working capital deficit of $63,948 (June 30, 2019 – working capital: $640,661), including cash amounting to $1,202,786 (June 20, 2019: $1,575,101). The decreases in cash ($372,315) and working capital ($704,609) are directly attributable to the net loss of $725,344 for the period, the impact on cash being lower due to the increase in non-cash expenses (financial derivatives and share based payments ($212,447) and the increase in accounts payable ($99,459)).

The Company's subsidiary, Diamond Fields Namibia (Pty) Ltd. held, as at the reporting date, the equivalent of $1,155,316 in Namibian Dollars with Standard Bank Namibia (the "Standard Bank"). Application was made, on October 16, 2019, to have part of the funds in Namibian Dollars, used to repay, in part, certain inter-group shareholders' loans owing to DFR (the "Application"). The Company submitted, through Standard Bank, all the documentation relevant to the Application, as required by the Bank of Namibia ("BoN"). Following the end of the reporting period, BoN has advised the Company, through Standard Bank, of its approval to repay DFR $870,000 as requested under the Application.

Share Transactions

The Company had 67,895,662 outstanding shares as at December 31 and June 30, 2019. No shares were issued during the six-months period. Following the end of the reporting period, the Company has issued 1,000,000 shares as further disclosed under *Subsequent Event* note further below.

Stock options and warrants

The Company operates a fixed, less than 10%, stock option plan and has approval to issue up to a maximum of 6,789,000 stock options as at December 31, and June 30, 2019, out of which 5,200,000 options have been granted and were outstanding at 30 June 2019. During the six-months period ended December 31, 2019, 50,000 stock options expired, leaving an outstanding balance of 5,150,000 options, out of which 4,420,934 (June 30, 2019: 3,841,867) had already vested as at December 31, 2019. All outstanding options have an exercise price of CAD $0.145 per share. An amount of $27,170 was recognized as share-based compensation during the six-months ended December 31, 2019 (year ended June 30, 2019: $92,796), arising as a result of accounting of the vesting portions of stock options issued in February and August 2018.

A balance of 10,666,667 stock warrants with an exercise price of CAD $0.125 per unit were outstanding at December 31, and June 30, 2019. The warrants were issued to Spirit Resources SARL, an entity owned by the Company's major shareholder, in 2016. If not exercised, the warrants will lapse on September 23, 2021.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 judgments 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 consolidated financial statements within the next financial year are discussed below:

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 in Note 11 of the latest audited financial statements.

Derivative Financial Instruments

The Company has determined that its functional currency is the US dollar and has issued non-broker warrants in a currency other than its functional currency. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value derivative financial instrument transactions are disclosed in Notes 12 of the latest audited financial statements.

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.

ADOPTION OF NEW ACCOUNTING STANDARDS & OTHER PROPOSED FUTURE ACCOUNTING CHANGES

New accounting policies adopted during the year

IFRS 16 *Leases*

The IASB issued IFRS 16, Leases ("IFRS 16"), which eliminates the classification of leases as either operating or finance leases for a lessee. IFRS 16 was effective from January 1, 2019. Under IFRS 16, all leases will be recorded on the statement of financial position. The only exemptions to this will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases on the statement of financial position under IFRS 16 will increase "right-of-use" assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for right-of-use assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about right-of-use assets and expenses and cash flows related to leases, (b) a maturity analysis of lease liabilities and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. The Company adopted IFRS 16 on July 1, 2019 and there was no material impact on the Company's financial statements.

New standards, amendments and interpretations not yet effective

IFRS 17, Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts and require that liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts.

IFRS 17 supersedes IFRS 4, Insurance Contracts, and related interpretations, and is effective for reporting periods beginning on or after January 1, 2021.

The Company does not anticipate that the application of IFRS 17 in the future will have a material impact on the amounts reported and disclosures made in the Company's consolidated financial statements.

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, Mauritius, Namibia, Madagascar and South Africa and purchases goods and services denominated in US dollars, Canadian dollars, Namibian dollars, Madagascar Ariary, UK Pounds and South African Rand. 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

The Company does not have any financial instruments subject to interest rate risk at the date of reporting.

Equity price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company has no equity holdings and is therefore not exposed to this risk.

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 through its Namibian operations where an initial six-months (non continuous) mining program has started.

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.

RISKS FACTORS

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

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.

Exploration activities will not necessarily result in the discovery of commercially recoverable quantities of targeted minerals (currently diamonds, zinc, copper, gold, nickel 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 diamonds, zircon and/or nickel over and above those previously identified. Even if commercial quantities of diamonds, zircon or other minerals are discovered, economic recovery is dependent upon a number of factors, including the particular attributes of the deposit, such as terrain, size and grade, products prices and government regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of these factors are beyond the control of the Company.

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

Political Risks

The Company strives to minimize political risk by monitoring events in countries where it operates or where it considers operating, and by complying with local laws and regulations. The Company operates and conducts exploration activities in countries which have experienced civil unrest and/or civil warfare in recent years. It attempts to minimize the risks inherent in conducting operations and exploration in frontier areas by monitoring local conditions and avoiding high risk areas.

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 diamond, 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.

Sea diamond deposits are alluvial deposits located on the ocean floor. These deposits are particularly difficult to sample because of their remote nature, variable terrain and the location of diamonds in irregular gravel beds lying above and within crevices and potholes in the bedrock. As a result, there are no standard sampling tools and resource estimation practices employed for these types of deposits.

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.

Offshore diamond mining involves significant risks

The business of offshore diamond mining is subject to a variety of risks such as accidents, extreme marine and weather conditions, natural disasters, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which the Company cannot, or may elect not to insure, may result in damage to or destruction of mining equipment and infrastructure, injuries and loss of life, environmental damage, delayed production, increased production costs and possible legal liability to third parties, any or all of which may have a material adverse effect on the Company's financial position. The mining and processing systems and the vessels to be used in the Namibian marine concessions are to be at sea throughout the mining process, and weather conditions will inevitably have an effect on operations.

The Company's Beravina zircon deposit may not head to 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.

Title can be uncertain

The Company has investigated its rights to explore and exploit its concessions, and, other than in respect of ML138 which has not been renewed by the Namibian authorities, 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 licences may be revoked by the applicable government authorities for failure to perform the obligations thereunder. Licences must be renewed periodically. The renewal process involves a review of the licence 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.

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.

Exchange controls may restrict the Company's ability to repatriate earnings

Namibia is part of the South African Rand Common Monetary Area ("CMA"). Exchange controls in the CMA require that dividends, loans, repayment of loans and payment of all invoices to parties outside the CMA by companies registered in the CMA require prior approval. The controls, as they relate to Namibia, are applied by the Bank of Namibia. The Company held the equivalent of $1,155,316 (in Namibian Dollars) in Namibia as at the reporting date. Though the Company's subsidiary has received approval from the Bank of Namibia to refund part of the intercompany loan to the Company amounting to $870,000, there can be no assurance that the Company's subsidiary will continue obtaining the requisite approvals in the foreseeable future to repay inter-group loans or pay invoices to parties outside the CMA, including companies within the Company's corporate group not resident in the CMA. Thus, exchange controls may restrict the Company from repatriating funds and using those funds for other purposes.

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.

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

The concessions comprising the Company's projects are located in Namibia, Madagascar and the Red Sea Joint Commission area, 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 on by the Company in respect of its projects will be subject to government legislation, policies and controls relating to prospecting, development, production, importing and exporting of minerals, concession tenure, exchange controls, mining taxes, labour standards and environmental protection. There can be no assurance that such legislation, policies and controls will not have a material adverse effect on the business, operations and affairs of the Company.

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.

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.

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.

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.

OUTSTANDING SHARE DATA

Movement on shares and stock options have been reported under "Capital Resources and Liquidity" section of this MD&A. A total of 67,895,662 common shares were issued and outstanding as at December 31, and June 30, 2019. As at December 31, 2019 a total of 5,150,000 (June 30, 2019: 5,200,000) stock options, all with a price of C$0.145 per share, were granted and unexercised, out of which 4,420,934 (June 30, 2019: 3,841,867) had vested, expiring between December 11, 2021 and

August 27, 2023. A balance of 10,666,667 stock warrants with exercise price of CAD $0.125 per share were outstanding at December 31, and June 30, 2019. The warrants were issued in 2016, and if not exercised, will lapse on September 23, 2021. Following the period end, the Company issued 1,000,000 common shares, for a total consideration of C$ 200,000 as further disclosed under the *Subsequent Events* note, further below

RELATED PARTY TRANSACTIONS

The Company provided the following compensation to related parties:

	Six-months ended December 31, 2019	Year ended June 30, 2019
	$	$
G&A - JL Charles, CFO and Secretary	**77,250**	98,000
G&A - Sybrand van der Spuy, President and CEO	**75,000**	112,215
G&A - Fasken Martineau LLP[1]	**99,582**	275,282
E&E - David Reading	**-**	35,342
G&A – Earl Young (former Director and CFO)	**-**	18,000
E&E – Bertrand Boulle	**4,972**	-
Share based compensation – Directors & Officers	**26,474**	90,573

[1]Mr. Al Gourley, serves as a director, and chairman of the Board of the Company, and is also the Regional Managing Partner of Fasken Martineau LLP London which provides advisory services to the Company.

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

SUBSEQUENT EVENTS

On January 20, 2020, the Company completed a working capital financing announced on January 15, 2020, whereby the Company entered into binding agreement with Albert C. Gourley Professional Corporation (an entity controlled by the Company's Non-Executive Chairman, Mr. Al Gourley), and its major shareholder, Spirit Resources SARL ("the Lenders").
Each Lender subscribed for C$100,000 worth of common shares at an issue price of C$0.20 per Common Share and advanced the Company C$400,000 at an interest rate of 10% repayable on 31 December 2020 ("the Loans") giving the Company working capital of C$1,000,000 in aggregate.
The Loans may be repaid earlier in the event that the Company and its subsidiaries: complete an equity financing or otherwise receive funding, payments or income equal to C$1,000,000; or the Company's Namibian subsidiary receives authorisation from the Bank of Namibia to remit not less than US$500,000 from Namibia.
Subsequently, 1,000,000 common shares were issued to Lenders, and approval was received from the Bank of Namibia to repay up to $870,000 in intercompany loan. As such, the Loans will be due for repayment by May 31, 2020.

PROPOSED TRANSACTIONS

The Company continues to review and assess projects which, if deemed suitable, will be pursued by the Company. As such, management may engage in discussions which involve potential investments, financing and related activities with different parties. As at the date of this MD&A, there is no material undisclosed proposed transaction.

Schedule D – DFR Unaudited Condensed Consolidated Interim Financial Statements for the third quarter and nine-months period ended September 30, 2021



DIAMOND FIELDS RESOURCES INC.
Unaudited Condensed Consolidated Interim Financial Statements
For the third quarter and nine-months period ended September 30, 2021

(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 reviewed the unaudited condensed consolidated interim financial statements for the third quarter and nine-months period ended September 30, 2021 in accordance with International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

DIAMOND FIELDS RESOURCES INC.
Condensed consolidated statement of financial position
As at September 30, 2021 and December 31, 2020
(All amounts are expressed in U.S. dollars)

	Notes	(Unaudited) September 30, 2021	(Unaudited) December 31, 2020
		$	$
ASSETS			
Current			
Cash		**600,387**	234,937
Other receivables		**29,189**	23,846
Total current assets		**629,576**	258,783
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**442,095**	313,665
Derivative financial instruments	**11**	**-**	518,763
		442,095	832,428
SHAREHOLDERS' EQUITY/(DEFICITS)			
Share capital	**10**	**56,848,151**	55,784,887
Contributed surplus	**10**	**4,175,556**	4,175,556
Accumulated deficit		**(60,846,011)**	(60,543,876)
Accumulated other comprehensive income		**9,785**	9,788
Shareholders' equity/(deficits)		**187,481**	(573,645)
Total shareholders' equity/(deficits) and liabilities		**629,576**	258,783

Events after the reporting period (Note 16)

"Sybrand Van Der Spuy"

Director

"Bertrand Boulle"

Director

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 7 to 27.

DIAMOND FIELDS RESOURCES INC.
Condensed consolidated statement of profit or loss and other comprehensive income/(loss)
For the third quarter and nine-months period ended September 30, 2021
(All amounts are expressed in U.S. dollars)

		(Unaudited) Three-months period ended		(Unaudited) Nine-months period ended	
		September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
		$	$	**$**	$
CONTINUING OPERATION					
Operating expenses					
Exploration and evaluation expenses	**7**	**(147,326)**	(48,874)	**(420,632)**	(117,964)
General and administrative expenses	**8**	**(136,615)**	(128,368)	**(387,946)**	(450,832)
Share-based compensation	**10,14**	**-**	(2,035)	**-**	(8,767)
		(283,941)	(179,277)	**(808,578)**	(577,563)
Fair value movement on derivative instruments	**11**	**591,519**	327,958	**14,392**	470,689
Change in fair value of warrants prior to exercise	**11**	**510,522**	-	**510,522**	-
Interest income		**-**	757	**-**	10,153
Interest expense	**12**	**(8,986)**	**-**	**(15,123)**	(56,107)
Foreign exchange gain/(loss)		**31,815**	(14,935)	**(3,348)**	(219,520)
		1,124,870	313,780	**506,443**	205,215
Net profit/(loss) for the period		**840,929**	134,503	**(302,135)**	(372,348)
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		**(3)**	(118)	**(3)**	5,597
Total comprehensive income/(loss) for the period		**840,926**	134,385	**(302,138)**	(366,751)
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company:					
- Basic		**0.01**	0.00	**(0.00)**	(0.01)
- Diluted		**0.01**	0.00	**(0.00)**	(0.00)
Weighted average number of common shares outstanding					
- Basic and diluted		**71,330,445**	68,895,662	**69,716,175**	68,895,662

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 7 to 27.

DIAMOND FIELDS RESOURCES INC.
Condensed consolidated statement of changes in equity
For the third quarter and nine-months period ended September 30, 2021
(All amounts are expressed in U.S. dollars)

	Number of shares	Share capital $	Contributed surplus $	Accumulated deficit $	Accumulated other comprehensive income $	Total $
Balance at December 31, 2019	67,895,662	55,633,167	4,166,789	(59,865,214)	1,310	(63,948)
Share issue (net)	1,000,000	151,720	-	-	-	151,720
Translation adjustment	-	-	-	-	5,597	5,597
Share-based compensation	-	-	8,767	-	-	8,767
Loss for the period	-	-	-	(372,348)	-	(372,348)
Balance at September 30, 2020	**68,895,662**	**55,784,887**	**4,175,556**	**(60,237,562)**	**6,907**	**(270,212)**
Balance at December 31, 2020	68,895,662	55,784,887	4,175,556	(60,543,876)	9,788	(573,645)
Issuance of shares on exercise of warrants	10,666,667	1,063,264	-	-	-	1,063,264
Translation adjustment	-	-	-	-	(3)	(3)
Loss for the period	-	-	-	(302,135)	-	(302,135)
Balance at September 30, 2021	**79,562,329**	**56,848,151**	**4,175,556**	**(60,846,011)**	**9,785**	**187,481**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 7 to 27.

DIAMOND FIELDS RESOURCES INC.
Condensed consolidated statement of cash flows
For the third quarter and nine-months period ended September 30, 2021
(All amounts are expressed in U.S. dollars)

	(Unaudited) Nine-months period ended	
	September 30, 2021	September 30, 2020
	$	$
Cash flows from operating activities		
Net loss for the period	**(302,135)**	(372,348)
Adjustments for non-cash items:		
Foreign exchange (gain)/loss	**6,151**	(6,736)
Share-based compensation	**-**	8,767
Fair value movement on derivative instruments	**(14,392)**	(470,689)
Change in fair value of warrants prior to exercise	**(510,522)**	-
Interest expense	**15,123**	56,107
	(805,775)	(784,899)
Changes in working capital:		
Decrease/(increase) in other receivables	**(5,343)**	2,920
Increase/(decrease) in accounts payable and accrued liabilities	**128,427**	(168,287)
Net cash used in operating activities	**(682,691)**	(950,266)
Cash flows from financing activities		
Proceeds from exercise of warrants	**1,063,264**	151,720
Proceeds from loans (note 12)	**1,000,000**	606,878
Loans repayments (note 12)	**(1,000,000)**	(606,878)
Interest paid	**(15,123)**	(56,107)
Net cash generated from financing activities	**1,048,141**	95,613
Net (decrease)/ increase in cash and cash equivalents	**365,450**	(854,653)
Cash and cash equivalents at beginning of the period	**234,937**	1,202,786
Cash and cash equivalents at end of the period	**600,387**	348,133

Note: The significant non-cash transactions for the period are as follows:

	(Unaudited) Nine-months period ended	
	September 30, 2021	September 30, 2020
	$	$
Currency translation and adjustment on net assets	**(3)**	5,597

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 7 to 27.

1. CORPORATE INFORMATION

Diamond Fields Resources Inc.'s ("DFR" or the "Company") business activity is the exploration and evaluation of mineral properties in Namibia, Madagascar and worldwide. The Company was incorporated under the Canada Business Corporations Act on May 28, 2000, and has continued as a company under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol DFR, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

During the reporting period, the Company has executed definitive agreements to enter into certain transactions as disclosed under note 15. On August 24, 2021, trading of DFR shares on the stock exchange was halted until further notice at the request of the Company to ensure a fair and orderly market. Upon closing, the transactions are expected to have a material impact on the Company's business as summarized below:

- DFR will have a controlling interest in one gold project and significant interests in other gold projects in West Africa;
- DFR will issue an aggregate of 88,700,000 new common shares ("Shares") of which 10,666,667 Shares have been issued to Spirit Resources SARL ("Spirit") following the exercise of 10,666,667 share purchase warrants and a further 3,500,000 Shares if certain Moydow Holdings Limited's warrants (Note 15) ("Moydow Warrants") are exercised;
- New equity funding in DFR and Moydow totalling $ 2,750,000 will be used to eliminate existing debt in DFR (including a $1,000,000 loan from Spirit eliminated upon the exercise of Spirit's warrants), fund exploration and for working capital purposes;
- There will be a new control person in addition to Mr. Jean-Raymond Boulle; and
- There will be certain changes to the Board of directors.

This report does not reflect all the changes that are expected to occur in future periods.

The Company's ultimate controlling party is Jean-Raymond Boulle through his private investment company, Spirit Resources SARL ("Spirit").

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

2. NATURE AND CONTINUANCE OF OPERATIONS

These 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.

As at September 30, 2021, the Group had an accumulated deficit of $60,846,011 (December 31, 2020: $60,543,876) and incurred a net loss of $302,135 during the nine-month period ended September 30, 2021 (September 30, 2020: net loss of $372,348).

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

2. NATURE AND CONTINUANCE OF OPERATIONS (CONTINUED)

It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds, but it has had a negative impact on the Company's operations in both Namibia and Madagascar.

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 there is no assurance that the Company will be successful in these actions, these consolidated financial statements do not give effect to potentially material adjustments that would be necessary should the Company be unable to continue as a going concern.

These material uncertainties may cast significant doubt upon 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 third quarter and nine-months period ended September 30, 2021 are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ("IASB") and do not include all notes of the type normally included in an annual financial report.

The condensed consolidated interim financial statements have been prepared using the same accounting policies as the audited consolidated financial statements for the year ended December 31, 2020 and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

The financial statements were authorized for issue by the Board of directors on November 29, 2021.

4. BASIS OF MEASUREMENT

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

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

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

The condensed consolidated financial statements are presented in U.S. dollars ("USD"). The parent company's functional currency is the USD 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 significant accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

The condensed consolidated financial statements include the accounts of the Parent and its subsidiaries.

(b) 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 profit or loss and other comprehensive income/(loss).

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:

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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.

(d) Financial instruments

Financial Assets

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

i) *Amortized cost*

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) *Fair value through other comprehensive income*

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

iii) *Fair value through profit or loss*

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

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

Impairment of Financial Assets

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

Financial Liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company has the following financial liabilities: accounts payable, accrued liabilities, loans payable, and derivative liabilities. Accounts payable, accrued liabilities and loans payable 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.

(e) Mineral properties

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

Impairment of Non-Financial Assets

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Mineral properties (continued)

Impairment of Non-Financial Assets (continued)

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

(f) Share-based compensation

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

The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of profit or loss and other comprehensive income/(loss) over the remaining vesting period.

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Share-based compensation (continued)

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.

(g) 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.

(h) Earnings/(loss) per share

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

Diluted earnings/(loss) per common share is computed by dividing the net profit/(loss) for the year 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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 year 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 year in which they occur. The Company does not have any rehabilitation provisions for the years presented.

(j) 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.

(k) Revenue

Sales of mineral products are recognized when control passes to the customer, the price can be measured reliably and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. Revenue from minerals sales is credited against mineral property costs when generated from pre-commercial production; and to operations when generated from commercial production or if there are no capitalized mineral property costs.

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

In the current year, 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 1 January 2021.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

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 1 January 2021 and the Group considers that their application does not have any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

- Covid-19-related Rent Concessions – Amendments to IFRS 16

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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 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 condensed consolidated 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 10.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Derivative financial instruments

The Company has determined that its functional currency is the US dollar and had issued non-broker warrants in a currency other than its functional currency. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date.

Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value of the derivative financial instruments transactions are disclosed in note 11.

(iii) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

7. EXPLORATION AND EVALUATION EXPENSES

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	**Nine-months period ended September 30, 2021**	Nine-months period ended September 30, 2020
	$	$	**$**	$
Namibian diamond project	**5,947**	10,040	**26,894**	35,969
Beravina zircon project	**2,790**	7,484	**11,278**	17,529
Other projects and new prospects	**138,589**	31,350	**382,460**	64,466
	147,326	48,874	**420,632**	117,964

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

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	**Nine-months period ended September 30, 2021**	Nine-months period ended September 30, 2020
	$	$	**$**	$
Consulting	**146,489**	46,500	**414,538**	108,922
Sample testing	**-**	-	**-**	1,049
Licences & other expenses	**837**	2,374	**6,094**	7,993
	147,326	48,874	**420,632**	117,964

7. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)

Namibian Diamond project

The Company holds a 100% interest in two diamond mining licenses through its subsidiary Diamond Fields Namibia (Pty) Ltd. ("DFN"), and a 70% interest in one diamond mining license through its subsidiary Namibian Diamond Company (Pty) Ltd., off the coast of Namibia.

On November 17, 2017, the Company entered into an agreement with International Mining and Dredging Holdings Proprietary Limited ("IMDH") and its partner, Namibian Underwater Technology And Mining (Pty) Ltd. ("NUTAM"), whereby NUTAM will have an exclusive right to mine the ML111 property. As consideration for the right to mine, NUTAM will pay DFN a sliding royalty based on production from the property. As no mining activity took place, no income was received during the nine-months period ended September 30, 2021 (September 30, 2020: nil).

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.

On May 16, 2019, the Company entered into a cooperation agreement (the "Cooperation Agreement") with TMH Acquisition Co. ("TMH"), a special purpose vehicle established by Denham Mining Fund LP, to advance the Company's Beravina project (the "Project") in Madagascar.

Pursuant to the terms of the Cooperation Agreement, TMH will make an immediate payment of $250,000 (received) to the Company and fund the next stage of exploration and development work on Beravina (the "Work Program"), which is expected to cost approximately $500,000 and to be completed within seven months from the date of entering into the Cooperation Agreement (the "Evaluation Period"). TMH has the right to extend the Evaluation Period by a further three months if it has incurred expenditures of $500,000 and made a further payment of $250,000.

TMH submitted a planned drill program comprising of 14 drill holes as part of the 2019 Work Program. The Company obtained approval for the drilling program from the Ministry of Mines and Strategic Resources and approval for its Environmental Impact Assessment ("EIA"). EIA approval was only provided on October 29, 2019, which resulted in a delay in implementation of planned drilling to early November 2019. As the delay was not anticipated by the Company or TMH, the Company granted an extension to the Evaluation Period (which was originally envisaged as being 7 months from 16 May 2019) without financial penalty, to May 31, 2020.

On June 26, 2020, the Company announced an amendment to the Cooperation Agreement (the "Amended Agreement") which requires the Company to undertake the next phase of work, which involves a high-resolution magnetic drone survey, the development of digital elevation models and limited groundwork ("Phase 1") with the aim of locating potential new mineral deposits and extensions to the existing deposit. If successful, the Company will then engage in a drilling campaign on the Project ("Phase 2") to be completed by 30 November 2020. The Company has committed to spend between US$250,000 and US$350,000 in connection with such activities, subject to ongoing positive results. The Amended Agreement extends the time available for TMH to exercise its option to acquire the Project (which may be extended a further three (3) months through an advance payment (on the Option exercise price) of US$250,000) until December 31, 2020.

7. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)

Madagascar Zircon project (continued)

On September 29, 2020, due to ongoing travel and operational restrictions resulting from the COVID-19 pandemic, the Company announced it has agreed a further eight month extension to the Cooperation Agreement, such that the deadline for the Company to complete Phase 1 and commence Phase 2 has been extended to May 31, 2021, and, consequently the deadline for completion of Phase 2 has been extended to July 31, 2021, and the time available for TMH to exercise its option to acquire the Project has been extended to August 31, 2021. The Company has not been able to undertake the work under the Amended Agreement due to Covid-19 restrictions in Madagascar which has been a complicating factor for both parties. The Cooperation Agreement has expired and the Company is holding discussions with TMH for future collaboration.

TMH will have the option (the "Option") to buy 100% of the Project in consideration of a payment of $2,000,000 and the grant of a nine percent royalty from future sales, subject to certain minimum deductions. Pursuant to the Amended Agreement, upon exercising the Option TMH must also reimburse the Company for the amount of expenditures incurred by the Company in connection with Phase 1 and Phase 2 of the Amended Agreement. Upon exercise of the Option, TMH is required to place the Project into production by no later than 30 June 2023 (the "Project Long-Stop Date"), subject to certain extensions for events of force majeure, such as permitting delays, but no longer than 30 June 2025. Should the project not be placed into production by the Project Long-Stop Date, then TMH is required to make advance royalty payments to the Company, as follows:

A. $500,000 on the Project Long-Stop Date;
B. $500,000 six months after the Project Long-Stop Date; and,
C. $500,000 on every anniversary of the Project Long-Stop Date thereafter.

If TMH fails to make an advance royalty payment when due, then the Company shall have the right to reacquire the Project in consideration of 50% of any advance royalty payments made by TMH. The Company expects the deadlines and milestones to be amended upon the closing of the ongoing discussions with TMH.

Atlantis II Red Sea project

The Company entered into a joint venture agreement with Manafa International Trade Company ("Manafa") of Saudi Arabia dated August 3, 2008 (the "JVA"). Manafa holds an interest in an exclusive thirty-year mining license extending over the Atlantis II Deeps. Pursuant to the terms of the JVA, DFR and Manafa agreed that this license would be transferred into a joint venture company ("JVC") owned 50.1% by DFR and 49.9% by Manafa. However, development of the project has been on hold since April 2013 following a dispute with Manafa over contractual terms. As a result, the license held by Manafa has not been transferred to joint ownership as no JVC has been constituted. The Company does not currently hold any interest in Manafa or the Atlantis II license and cannot ascertain whether the licence is in good standing. The Company continues to explore avenues to resolve the dispute.

The Company has evaluated this arrangement under the criteria within IFRS 11, Joint Arrangements, and has concluded that the arrangement is not jointly controlled. As at September 30, 2021, there are no assets or liabilities which are subject to this agreement aside from the license itself.

The Company continues to assert its rights to the project.

7. EXPLORATION AND EVALUATION EXPENSES (CONTINUED)

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.

At the end of the reporting period:

(i) the Company entered into definitive agreements which may lead to the acquisition of certain projects as disclosed under note 15. Most of the costs reported under the sub-heading *Other projects and prospects* for the nine-months period ended relate to the asset acquisition project disclosed under note 15; and
(ii) there was no other project which had reached a stage which would be considered as material for disclosure.

8. GENERAL AND ADMINISTRATIVE EXPENSES

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	**Nine-months period ended September 30, 2021**	Nine-months period ended September 30, 2020
	$	$	**$**	$
Directors and secretary fees	**65,625**	65,625	**196,875**	196,875
Consultancy and professional fees	**29,173**	30,547	**76,356**	135,895
Audit and tax fees	**19,973**	15,557	**34,389**	26,921
Insurance	**4,731**	-	**14,192**	12,225
Investor relation	**11,303**	10,568	**36,528**	34,482
Office and other expenses	**5,810**	6,071	**29,606**	44,434
	136,615	128,368	**387,946**	450,832

9. INCOME TAXES

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 September 30, 2021, 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.

10. SHARE CAPITAL

(i) Authorized share capital

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

10. SHARE CAPITAL (CONTINUED)

(ii) Issued and outstanding share capital

As at December 31, 2019, the Company had 67,895,662 issued and outstanding common shares. On February 13, 2020, the Company announced the completion of a working capital financing through the issuance of 1,000,000 common shares at a price of C$0.20 per share for gross proceeds of C$200,000 (in addition to C$800,000 debt financing). The Company had a total of 68,895,662 issued and outstanding common shares as at December 31, 2020.

In August 2021, the Company entered into definitive agreements for certain transactions which, following closure, would cause material changes in the share capital and ownership structure of the Company (See note 15). On September 10, 2021, Spirit Resources SARL exercised all the 10,666,667 share purchase warrants it was holding since September 22, 2016 and acquired 10,666,667 common shares in the Company in line with the definitive agreements disclosed under note 15 further below. Following this issue, at September 30, 2021, the Company had a total of 79,562,329 issued and outstanding common shares.

(iii) Stock Options

The Company has 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. 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, 2019 to September 30, 2021:

Grant date	Expiry date	Opening balance	During the year/period			Closing balance
			Granted	Exercised	Expired/ forfeited	
At December 31, 2019 and 2020, and September 30, 2021		**5,150,000**	**-**	**-**	**-**	**5,150,000**

No stock options were granted or forfeited for the nine-months ended September 30, 2021 (December 31, 2020: nil granted, nil expired and nil forfeited). Share-based compensation accounted during the period was $ nil (year ended December 31, 2020: $8,767; nine months period ended September 30, 2020: $8,767). As at September 30, 2021, the unrecognized share-based compensation expense was $ nil (December 31, 2020: $ nil; September 30, 2020: $ nil).

The following is a summary of options vested and outstanding at September 30, 2021:

Grant date	Expiry date[1]	Exercise price (CAD)	Vested September 30, 2021	Outstanding at September 30, 2021
12/12/16	12/11/21	$0.145	2,962,800	2,962,800
02/05/18	02/04/23	$0.145	400,000	400,000
08/28/18	08/27/23	$0.145	1,787,200	1,787,200
At September 30, 2021			**5,150,000**	**5,150,000**

10. SHARE CAPITAL (CONTINUED)

(iii) Stock Options (continued)

[1]Holders of stock options with expiry dates falling within a close period shall be eligible to exercise the expiring stock options within 10 trading days following the resumption of trading of the DFR stock.

The weighted average exercise price of options outstanding as at September 30, 2021 and December 31, 2020 was CAD $0.145.

(iv) Share purchase warrants

A summary of share purchase warrant activity and information concerning currently outstanding and exercisable warrants from December 31, 2019 to September 30, 2021 is as follows:

Grant date	Opening balance	During the year/period			**Closing balance**	Exercisable
		Granted	Exercised	Forfeited / expired		
At December 31, 2019	10,666,667	-	-	-	**10,666,667**	10,666,667
Movement during the year/period	-	-	-	-	**-**	-
At December 31, 2020	10,666,667	**-**	-	-	**10,666,667**	10,666,667
Movement during the year/period	-	-	(10,666,667)	-	**(10,666,667)**	(10,666,667)
At September 30, 2021	10,666,667	-	(10,666,667)	-	**-**	-
Weighted average price CAD	$0.125	-	$0.125	-	**-**	-

Spirit Resources SARL has fully exercised its share purchase warrants issued on September 22, 2016 at CAD $0.125 per warrant and thereby acquired 10,666,667 shares at the deemed price of CAD $0.185 per share. The latter represents DFR's last trading price before the suspension of dealings in the shares of the Company on August 24, 2021.

The proceeds from the exercise of the warrants amounted to US$ 1,063,264. After the settlement of the loan principal (US$ 1,000,000) and interest element (US$ 15,123) payable to Spirit Resources SARL (note 12), the balance of US$ 48,141 was received in cash.

Nature and purpose of equity

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

(a) "Contributed surplus" is used to recognize the value of share option grants prior to exercise.
(b) "Accumulated deficit" is used to record the Company's change in deficit from year to year.
(c) "Accumulated other comprehensive income" includes foreign exchange losses/gains on translating subsidiaries with a functional currency different from that of the U.S dollar.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Company had issued warrants for financing purposes at various prices. As the warrants have an exercise price denominated in Canadian dollars, which is different to the functional currency of the Company (U.S. dollar), the share purchase warrants are treated as a derivative financial liability and the fair value movement during the year was recognized in the statement of profit or loss and other comprehensive income.

The change in fair value of the derivative financial liabilities measured using the Binomial valuation model is as follows:

	Warrants (note 10) $
Balance, December 31, 2019	945,196
Movement in fair value	(437,482)
Movement in foreign exchange rates	11,049
Balance, December 31, 2020	518,763
Movement in fair value	(14,392)
Movement in foreign exchange rates	6,151
Balance before exercise of warrants	510,522
Movement in fair value immediately prior to exercise of warrants	(510,522)
Balance, September 30, 2021	**-**

The fair value of the derivative financial instruments was determined using the Binomial valuation model using the weighted average assumptions outlined in the following table:

	At September 10, 2021 (Date of exercise)	Year ended December 31, 2020	Nine-months period ended September 30, 2020
Expected volatility	**40%**	116%	135%
Risk-free interest rate	**0.38%**	0.20%	0.23%
Expected life	**0.04 years**	0.73 years	0.98 years

Spirit Resources SARL has exercised all the 10,666,667 share purchase warrants it was holding since September 22, 2016 and acquired 10,666,667 common shares in the Company. As the share purchase warrants were classified as derivative financial liabilities, they were revalued immediately prior to the exercise and the change in fair value amounting to US$ 510,522 was recognized in statement of profit or loss and other comprehensive income/(loss).

12. BORROWINGS

	September 30, 2021	December 31, 2020
	$	$
Opening balance	**-**	-
Loans received	**1,000,000**	606,878
Interest accrued	**15,123**	56,107
Repayments by way exercise of share purchase warrants	**(1,015,123)**	(662,985)
Balance, September 30, 2021	**-**	**-**

12. BORROWINGS (CONTINUED)

A summary of loans and their maturity profiles at September 30, 2021 and December 31, 2020 are as follows:

Loan received from	Principal amount	Balance at Period/year end,	Interest rate over duration	Issuance date	Maturity date
	$	$	%		
At September 30, 2021					
Spirit Resources SARL[1]	1,000,000	-	8%	April 30, 2021	April 29, 2022
At December 31, 2020					
Albert C Gourley Professional Corporation[2]	303,480	-	10%	January 29, 2020	December 31 or May 31, 2020
Spirit Resources SARL[2]	303,398	-	10%	February 5, 2020	December 31 or May 31, 2020

Notes:

1. On April 30, 2021, the Company entered into an agreement with its major shareholder, Spirit Resources SARL ("Spirit") pursuant to which Spirit made available an unsecured term loan of US$ 1,000,000 (the "Loan") to the Company at an interest rate of 8% per annum. The Loan was to be used for general corporate purposes and would be repayable in full on April 29, 2022 or earlier upon receipt of the proceeds of any debt, equity or other financing. The Company had drawn down the whole amount of US$ 1,000,000 available under the Agreement on June 2, 2021. Subsequently, the Company entered into an agreement with Spirit Resources SARL whereby the loan would be fully repaid against the exercise of the share purchase warrants held by Spirit Resources SARL (see note 11). On September 10, 2021, Spirit Resources SARL exercised all its share purchase warrants for a total consideration of US$ 1,063,264. In line with the above second Agreement, Spirit Resources SARL retained the loan principal amount (US$ 1,000,000) and interest element (US$ 15,123) and paid the balance of US$ 48,141 to the Company.

2. The loans were repayable on December 31, 2020 or may be repaid earlier in the event that the Company and its subsidiaries complete an equity financing or otherwise receive funding, payments or income equal to C$ 1,000,000; or the Company's Namibian subsidiary receives authorization from the Bank of Namibia ("BON") to remit not less than US$ 500,000 from Namibia. It received the authorization from BON and repaid the loans amounting to US$ 606,878 together with interest amounting to US$ 56,107 during the year ended December 31, 2020.

   Mr. Albert C Gourley is the chairman of the Company's Board of directors and he also controls Albert C Gourley Professional Corporation.

   Mr. Jean Raymond Boulle is the ultimate controlling party of the Company, holding his shares through Spirit Resources SARL.

   Following the authorization from BON and the remittance of part of the funds held to the Company's bank account in Canada, the loans have become payable early, and interest amounting to US$ 56,107 has been recognized in the statement of profit or loss and other comprehensive income/(loss) for the year ended December 31, 2020.

13. SEGMENTED INFORMATION

At September 30, 2021, the Company operates in four main geographical locations as set below. Other operations comprise South Africa and British Virgin Islands. However, they do not constitute a separate reportable segment.

Assets by geographic locations for the nine-months period ended September 30, 2021 and year ended December 31, 2020 were as follows:

As at September 30, 2021	Head Office	Namibia	Madagascar	Other	Total
	$	$	$	$	$
Total assets	602,934	21,468	3,158	2,016	629,576

As at December 31, 2020	Head Office	Namibia	Madagascar	Other	Total
	$	$	$	$	$
Total assets	195,762	51,119	9,594	2,308	258,783

14. RELATED PARTY TRANSACTIONS

In addition to the information disclosed under note 12 above, the Company recorded related party transactions in terms of compensation to key management personnel of the Company for the nine-months periods ended September 30, 2021 and September 30, 2020, which are recorded in the following accounts in these condensed consolidated financial statements:

	Nine-months period ended September 30, 2021	Nine-months period ended September 30, 2020
	$	$
G&A – Jean Lindberg Charles, CFO and Secretary	**108,375**	115,875
G&A - Sybrand van der Spuy, President and CEO	**112,500**	112,500
G&A, E&E - Fasken Martineau LLP[1]	**354,572**	148,267
E&E - David Reading	**-**	8,910
Total, excluding share-based compensation	**575,447**	385,552
Share-based compensation – Directors & Officers	**-**	8,536

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

At September 30, 2021, a total of US$ 353,106 (December 31, 2020 - US$210,659) of fees and expenses were payable to related parties as follows:

	September 30, 2021	December 31, 2020
	$	$
Jean Lindberg Charles, CFO and Secretary	**11,841**	54,672
Sybrand van der Spuy, President and CEO	**25,000**	12,500
Fasken Martineau LLP[1]	**316,265**	143,487
	353,106	210,659

Note:

1. Fasken Martineau LLP[1] - Albert C Gourley, a Director of the Company, holds office as the Regional Managing Partner of Fasken Martineau LLP.

15. ASSET ACQUISITION

On August 25, 2021, the Company announced it has entered into definitive agreements in respect of the acquisition of interests in Moydow Holdings Ltd ("Moydow") and certain of its subsidiaries (the "Transaction") to be settled through the issuance of common shares of DFR to Modow's security holders.

Moydow, a company registered in BVI, holds interests in a portfolio of gold assets in West Africa. Upon closing of the Transaction, DFR will control Moydow and take over Moydow's portfolio of assets.

The Transaction involves a combined restructuring of Moydow's shareholdings and a securities exchange with the current security holders of Moydow at the ratio of 16.46 DFR common shares for each Moydow common share (the "Exchange Ratio") and 8.93 DFR shares for each Moydow share option, so that DFR shall issue in aggregate 71,880,320 shares to the current security holders of Moydow as consideration for its stake in the Moydow's portfolio.

Moreover, Moydow has issued 210,000 share purchase warrants ("Moydow Warrants") to three Moydow shareholders, which if exercised (before December 31, 2021), will convert into 3,456,600 shares.

Following the Transaction, DFR will acquire:

- An 80% interest in Moydow, which owns an option (until May 27, 2024) to acquire 100% of the Labola (Wuo Land) licence against further payment of US$ 1,000,000.

  At closing of the Transaction, DFR will be vested with an 80% effective interest in the project with Panthera Resources Plc ("PAT") holding a 20% carried interest. DFR will maintain its 80% interest on the condition that it invests US$18,000,000 in the Labola project by September 30, 2026. If DFR were to make no investments in Labola during the specified period, subject to the exercise by PAT of its buy back right (described below), its interest would decrease to no less than 60%. PAT shall have the right to acquire an additional 10% holding in Labola on the earlier of (i) 90 days following DFR completing an investment of US$18,000,000 in Labola; or (ii) 30 September 2026, by making a payment to DFR of up to US$7,200,000, to be adjusted down based on DFR's actual investment in the Labola project during the specified period.

- A 40% indirect interest in the Kalaka (Mali) licence which is intended to be operated by PAT which also holds a 40% interest and the remaining 20% interest is held by a local company.

- A 10% indirect interest in 3 Nigeria mining licences owned by 3 different companies, with PAT owning equally a 10% indirect interest, and the option (against certain payments) to jointly (DFR and PAT 50:50) own 65% of the Nigeria licences.

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

In connection with the Transaction, Brian Kiernan and Spirit have executed subscription agreements with DFR and otherwise agreed to invest a combined US$2,750,000 as part of the Transaction ("Founder Investments") as follows:

15. ASEET ACQUISITION (CONTINUED)

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

(a) Spirit Resources SARL

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

The proceeds will be used to settle the existing US$ 1,000,000 loan facility from Spirit and interest arising thereon amounting to US$ 15,123. Upon closing, assuming exercise of all Moydow Warrants, Spirit will own 42.8% of DFR issued and outstanding common shares.

As announced on September 10, 2021, Spirit Resources SARL has fully exercised its share purchase warrants at CAD $0.125 per warrant and thereby acquired 10,666,667 common shares in the Company in line with the Founder Investments agreements. The proceeds from the exercise of warrants have been used to settle the Spirit loan and interest thereon, in line with the Founder Investments agreement, and the balance (amounting to $48,141) has been received in cash.

(b) Brian Kiernan

Brian Kiernan has agreed to exercise US$ 350,000 of his options in Moydow (the "Moydow Options") which will be exchanged for common shares of DFR at the Exchange Ratio on closing and to make a further investment of US$ 900,000 into DFR by way of a subscription for 4,147,465 common shares of DFR at a price per common share of US$ 0.217 conditional on the closing of the Transaction. The exercise of the Moydow Options and the subscription, together with a recent exercise of US$ 250,000 Moydow Options by Brian Kiernan, will result in an aggregate capital subscription of US$ 1,500,000. Upon closing, assuming exercise of all Moydow Warrants, Brian Kiernan will own 37.5% of DFR's issued and outstanding common shares. As such, Brian Kiernan will be considered a *Control Person* under the TSXV rules. Subsequent to the period end, Brian Kiernan has exercised his 350,000 US$1 options.

Assuming completion of the Transaction, the Founder Investments and exercise of all Moydow warrants, the current shareholders of DFR will own 57.4% and the Moydow shareholders will own 42.6% of the DFR issued and outstanding common shares.

Management and Board

Following completion of the Transaction, Brian Kiernan will be appointed as a Non-Executive Director and Chairman of the Board, and Len Comerford and Carlo Baravalle will be appointed as Non-Executive Directors. Sybrand Van Der Spuy will continue as a Director and Chief Executive Officer and, Al Gourley, David Reading and Bertrand Boulle will continue serving as Non-Executive Directors of the Company. Jean Lindberg Charles will continue to serve as the Chief Financial Officer.

15. ASSET ACQUISITION (CONTINUED)

Closing and Halt Trading

It is anticipated that the Transaction will close during the first quarter of 2022 following such shareholder meeting as may be required by the TSX-V.

As a result of the ongoing process pertaining to the Transaction, trading of DFR shares on the stock exchange will remain halted until further notice.

16. EVENTS AFTER THE REPORTING PERIOD

There has been no material event since the end of the reporting period which would require disclosure or adjustment to the condensed consolidated financial statements for the nine-months period ended September 30, 2021 other than as disclosed under note 15 – *Asset Acquisition.*

Schedule E – DFR Management Discussion and Analysis
for the third quarter and nine-months period ended September 30, 2021



Management's Discussion and Analysis of Financial Condition and Results of Operations
For the third quarter and nine-months period ended September 30, 2021
Date of release November 29, 2021

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

DIAMOND FIELDS RESOURCES INC.
Management's Discussion and Analysis
Third quarter and nine-months period ended September 30, 2021
(All amounts are expressed in U.S. dollars except where otherwise indicated)

1. INTRODUCTION

This Management Discussion and Analysis (''MD&A") for the nine-months period ended September 30, 2021 has been prepared as at November 29, 2021, and contains certain "forward-looking statements" under 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 Diamond Fields Resources Inc. ("Diamond Fields", "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 interim financial statements of Diamond Fields.

(i) Coronavirus Covid-19 Pandemic

On March 11, 2020, the World Health Organization (WHO) declared coronavirus COVID-19 a global pandemic (the "Pandemic"). This contagious disease outbreak, which has continued to spread and the related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. Several vaccines have been approved by the WHO since late 2020 and vaccination has started. The Pandemic has negatively impacted the Company's projects. It is not possible for the Company to predict the duration and magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

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

Following the end of the reporting period, the Company announced a maiden NI 43-101 compliant technical report for Moydow Holdings Limited's ("Moydow") Labola project in Burkina Faso. As announced in DFR's release of August 25, 2021, DFR has entered into definitive agreements to acquire Moydow which has an option to acquire the Labola project (see note 12 – *Asset Acquisition*). Other than updates in relation to the Moydow transaction, there has been no other material event since the end of the reporting period which would require disclosure. Trading of DFR stock on the TSX V exchange was halted on August 24, 2021 and shall remain halted until further notice.

(iii) Management's responsibility for financial reporting

The condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements.

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

2. OVERVIEW

(i) Description of business

Diamond Fields is a British Columbia governed company listed on the TSX Venture Exchange. The Company is active in mineral exploration, and has business interests in Madagascar, Namibia and in the Red Sea (jointly managed by The Kingdom of Saudi Arabia and the Republic of Sudan). Moreover, the Company is actively engaged in the assessment of additional mineral projects around the world to identify new opportunities. During the reporting period, the Company announced entering into definitive agreements to acquire certain gold assets in West Africa. Please refer to note 12 *Asset Acquisition*.

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

(ii) Principal Assets

Beravina (Zircon)

The Company through its Madagascar-based subsidiary, Compagnie Générale des Mines de Madagascar, owns a Mining Licence (*Permis d'Exploitation* PE 8096) for the exploration and mining of the Beravina deposit that is 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 (reviewed and approved by Jeremy C. Witley, Pr. Sci. Nat. (Geological Science) of the MSA Group) filed by the Company on January 29, 2019, reported an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO4) (equivalent to 15.3% ZrO2). On May 16, 2019, the Company entered into a cooperation and option to purchase agreement with TMH Acquisition Co. ("TMH") to advance the project (the "Cooperation Agreement"). On June 29, 2020, DFR released the results of the infill drilling program undertaken by TMH which confirmed the average deposit grade and, prior to that, on June 26, 2020, the Company amended the Cooperation Agreement (the "Amended Agreement"), pertaining to which DFR will undertake the next phase of work at a cost not to exceed $ 350,000, DFR could not execute on the Amended Agreement due to COVID-19 related restrictions. The Cooperation Agreement has expired and, the Company and TMH are in discussions for future collaboration.

Namibia (Diamonds)

Through its Namibian subsidiaries, the Company owns several offshore diamond mining licences in Namibia, including ML111 where the Company has historically produced diamonds (2001-2008, 2016 and 2018-2019). The Company also holds ML139 and 70% of ML32.

Red Sea (Zinc, Copper, Manganese, Cobalt and others)

The Company entered into a joint venture agreement with Manafa International Trade Company ("Manafa") of Saudi Arabia dated August 3, 2008. Manafa, at the time of entering into the agreement, held an interest in a mining licence extending over the Atlantis II basin in the Red Sea. The project has been on hold since April 2013 following a dispute with Manafa over contractual terms. The Company continues to explore avenues to resolve the dispute.

New Projects

During the reporting period, the Company announced entering into definitive agreements to acquire certain gold assets in West Africa. Please refer to note 12 *Asset Acquisition.*

2. OVERVIEW (CONTINUED)

(iii) Highlights

Coronavirus Covid-19 Pandemic

All jurisdictions where the Company does business have been directly or indirectly impacted by the Pandemic. The Company cannot measure the full extent of the impact of the Pandemic on its activities at this stage, but progress on the Company's projects has already been hindered.

Beravina Project – Madagascar

Prior to announcing the results from the TMH drilling programme on June 29, 2020, DFR and TMH amended the Cooperation Agreement on June 26, 2020 requiring DFR to undertake the next phase of work (the "DFR Work Programme"). On September 29, 2020, the deadline for completion of Phase 1 and start of Phase 2 of the DFR Work Programme was extended to May 31, 2021 and the deadline for TMH to exercise its option purchase option was extended to August 31, 2021.

Due to the severe travel restrictions in Madagascar as a result of the Pandemic, the Company has not been able to execute on the DFR Work Programme, and the Cooperation Agreement has expired. The Company and TMH are in discussions for future collaboration.

Diamond Mining - Namibia

Discussions with International Mining and Dredging Holdings (Pty) Limited ("IMDH"), which carried out the 2018-19 mining campaign via its subsidiary NUTAM Operations (Pty) Ltd ("NUTAM") are continuing. IMDH continues to assess, amongst other things, the need and possible extent for further exploration and development work in order to potentially improve mining performance. The timing as to any resumption of mining at ML111 concession is dependent upon the conclusion of discussions with IMDH.

Other prospects and projects

The Company continues to review and assess the suitability of a number of additional mining projects around the world. During the reporting period, the Company entered into definitive agreements which on closing (subject to obtaining certain approvals) may lead to the acquisition of certain gold projects in Western Africa as disclosed under note 12 *Asset Acquisition*. Following the reporting period, on October 25, 2021, the Company announced a maiden NI 43-101 compliant technical report for Moydow's Labola project (see DFR announcement dated October 25, 2021).

Overall operation updates and performance

The Group posted a net loss of $302,135 (September 30, 2020: net loss of $372,348) for the nine-months period ended September 30, 2021, mainly attributed to an increase in operating expenses which was partly offset by changes in the fair value of derivative financial instruments (share purchase warrants). During the same period, exploration and evaluation expenses reached $420,632 (September 30, 2020: $117,964) relating mainly advisory costs pertaining to the Moydow transaction (Note 12 – *Asset Acquisition*).

2. OVERVIEW (CONTINUED)

(iii) Highlights (Continued)

Corporate activities

The Company halted trading in its stocks on TSX V on August 24, 2021 in anticipation of the fundamental acquisition announcement of August 25, 2021. Trading of DFR stocks will remain halted until further notice (expected to occur upon closing during the first quarter of 2022).

As reported further above and under sub-heading *Other prospects and projects*, the Company entered into definitive agreements which on closing (and subject to certain approvals) may lead to the acquisition of certain West African gold projects which will be settled through the issuance of DFR common shares, as discussed under note 12 *Asset Acquisition* further below, which will result into: a Fundamental Acquisition under the rules of the TSX V; a substantial increase in capital; and, the creation of an additional control person, with Mr. Jean Raymond Boulle (through Spirit Resources SARL) remaining as the largest shareholder.

The Company entered into a $1,000,000 working capital financing arrangement with its major shareholder Spirit Resources SARL ("Spirit") on April 30, 2021. The facility was fully drawn down on June 2, 2021. Subsequently, and pursuant to the definitive agreements pertaining to the Moydow transaction, the Company has entered into an agreement with Spirit whereby upon exercise of its share purchase warrants, the proceeds will be used to repay the loan and interest. On September 10, 2021, Spirit exercised all its share purchase warrants for a total consideration of US$ 1,063,264. Pursuant to the definitive agreements pertaining to the Moydow transaction, Spirit retained the loan principal amount (US$ 1,000,000) and interest element (US$ 15,123) and paid the balance of US$ 48,141 to the Company.

3. RESULTS OF OPERATIONS

(i) Review of selected financial and operating results

Selected period ends financial and non-financial information

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	**Nine-months period ended September 30, 2021**	Nine-months period ended September 30, 2020
	$	$	**$**	$
Revenue, interest and other income, gains on disposal	**-**	757	**-**	10,153
Exploration and evaluation expenses	**(147,326)**	(48,874)	**(420,632)**	(117,964)
General and administrative expenses	**(136,615)**	(128,368)	**(387,946)**	(450,832)
Share-based compensation	**-**	(2,035)	**-**	(8,767)
Fair value movement on derivative instruments	**591,519**	327,958	**14,392**	470,689
Change in fair value of warrants prior to exercise	**510,522**	**-**	**510,522**	**-**
Interest expense	**(8,986)**	**-**	**(15,123)**	(56,107)
Foreign exchange gain (loss)	**31,815**	(14,935)	**(3,348)**	(219,520)
Exchange difference on translation of foreign operations	**(3)**	(118)	**(3)**	5,597
Total comprehensive income (loss)	**840,926**	134,385	**(302,138)**	(366,751)
Weighted average number of shares outstanding	**71,330,445**	68,895,662	**69,716,175**	68,895,662
Earning/(loss) per share – basic (cents)	**1.18**	(0.20)	**(0.42)**	(0.53)

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report. The MD&A includes certain non-IFRS measures to provide meaningful information, where appropriate.

No revenue was recorded for the third quarter and nine-months ended September 30, 2021 (September 30, 2020: $757 and $10,153). The income for the comparative period last year consist of interest income.

Evaluation and Exploration expenditures (''E&E'') amounted to $147,326 and $420,632 (September 30, 2020: $48,874 and $117,964) for the third quarter and nine-months period ended September 30, 2021 respectively. Exploration costs for the nine-months ended September 30, 2021 were incurred on: the Namibian Diamond Project amounting to $26,894 (September 30, 2020: $35,969); Beravina Zircon Project amounted to $11,278 (September 30, 2020: $17,529); and other projects (mainly consultancy / advisory costs pertaining to the Moydow transaction) amounted to $382,460 (September 30, 2020: $64,466). Updates pertaining to the Namibia and Beravina projects are provided under *Review of Operations* further below.

During the reporting period, the Company entered into definitive agreements which, subject to receipt of certain approvals, may lead to the acquisition of certain projects as disclosed the under note 12 *Asset Acquisition.*

3. RESULTS OF OPERATIONS (CONTINUED)

(i) Review of selected financial and operating results (Continued)

General and administrative overheads (''G&A'') amounted to $136,615 and $387,946 (September 30, 2020: $128,368 and $450,832) for the third quarter and nine-months period ended September 30, 2021 respectively. G&A consisted mainly of directors' fees as well as consultancy and professional fees. The relatively lower G&A costs for the nine-months period ended September 30, 2021 compared to 2020 is attributable mainly to the reduced costs in relation to general consultancy services.

Fair value gains on derivative instruments amounting to $591,519 and $14,392 were recognised in the income statement for the third quarter and nine-months period ended September 30, 2021, respectively (September 30, 2020: gains of $327,958 and $470,689, respectively). The gains arose on revaluation of 10,666,667 outstanding share purchase warrants which were issued on September 22, 2016 to Spirit Resources SARL ("Spirit") at an exercise price of CAD $0.125.

Difference on foreign exchange for the third quarter and nine-months ended September 30, 2021 amounted to $31,815 (gain) and $3,348 (loss) respectively, arising mainly from the appreciation of the CAD against the USD upon the revaluation of 10,666,667 share purchase warrants, issued in CAD. In the preceding year, the difference on foreign exchange for the quarter and nine-months amounted to $14,935 (loss) and $219,520 (loss) respectively, and were mainly attributable to loss suffered on the conversion of Namibian Dollars (NAD) to USD.

On September 10, 2021, the Company announced that Spirit exercised all its share purchase warrants for a total consideration of US$ 1,063,264. Pursuant to the definitive agreements pertaining to the Moydow transaction, Spirit retained the loan principal amount (US$ 1,000,000) and interest element (US$ 15,123) and paid the balance of US$ 48,141 to the Company. The exercise of warrants resulted in the recognition of a gain of $510,522 in the statement of profit or loss and comprehensive income for the quarter and nine months ended September 30, 2021 (2020: nil).

4. REVIEW OF OPERATIONS

Projects

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, the *Diamond Fields Resources Inc. Beravina Zircon Project Madagascar – NI 43-101 Technical Report* (the "Technical Report"), disclosing an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO4) (equivalent to 15.3% ZrO2). The Techinical 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 Technical Report is available on SEDAR and the Company's website, with the reported resource summarised below.

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

4. REVIEW OF OPERATIONS (CONTINUED)

Projects (Continued)

Madagascar "Beravina" Zircon (Continued)

Various consultants (SGS South Africa, HATCH and the MSA Group) have conducted analyses of the Beravina mineralisation, minerology, metallurgy and other deposit characteristics (the "2018 Work Program") in advance of an intended drill program. 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. Further testing is expected to result in processing refinements that might further improve the grade and quality of expected product.

On May 16, 2019, the Company entered into a cooperation agreement (the "Cooperation Agreement") with TMH, a special purpose vehicle established by Denham Mining Fund LP, to advance the Company's Beravina project (the "Beravina Project") in Madagascar. Pursuant to the terms of the Cooperation Agreement, TMH made a payment of $250,000 to the Company and committed to fund the next stage of exploration and development work at Beravina (the "2019 Work Program"). The 2019 Work Program was expected to incur costs of approximately $500,000 and to be completed within seven months from the date of the Cooperation Agreement (the "Evaluation Period"). TMH has the right to extend the Evaluation Period by a further three months if it has incurred expenditures of $500,000 and has made a further payment of $250,000.

TMH submitted a planned drill program comprising of 14 drill holes as part of the 2019 Work Program. DFR obtained approval for the drilling program from the Ministry of Mines and Strategic Resources and approval for its Environmental Impact Assessment ("EIA"). EIA approval was only provided on October 29, 2019, which resulted in a delay in implementation of planned drilling to early November 2019. As the delay was not anticipated by the Company or TMH, the Company granted an extension to the Evaluation Period (which was originally envisaged as being 7 months from 16 May 2019), without financial penalty, to May 31, 2020.

TMH performed exploration drilling, sampling and assaying work pursuant to the 2019 Work Program during the period September 2019 to March 2020. A total of 13 diamond core drill holes (906 meters) were completed before the program was curtailed due to the onset of the rainy season in Madagascar. On June 29, 2020, DFR published a summary of the assay results from the 2019 Work Program which delivered a weighted average grade estimate of 15.5% ZrO_2 confirming the 15.3% grade of the Company's NI 43-101 technical report referred to above. Please refer to DFR's release dated June 29, 2020 for further details.

On June 26, 2020, DFR announced an amendment to the Cooperation Agreement (the "Amended Agreement") which requires DFR to undertake the next phase of work, involving a high-resolution magnetic drone survey, the development of digital elevation models and limited groundwork ("Phase 1") with the aim of locating potential new mineral deposits and extensions to the existing deposit. If successful, the Company agreed that it would then engage in a drilling campaign on the Project ("Phase 2") to be completed by 30 November 2020. DFR committed to spend between US$250,000 and US$350,000 in connection with such activities, subject to ongoing positive results. The Amended Agreement extended the time available for TMH to exercise its option to acquire the Project (which may be extended a further three (3) months through an advance payment (on the Option exercise price) of US$250,000) until December 31, 2020.

4. REVIEW OF OPERATIONS (CONTINUED)

Projects (Continued)

Madagascar "Beravina" Zircon (Continued)

On September 29, 2020, due to ongoing travel and operational restrictions resulting from the COVID-19 pandemic, the Company announced that it had agreed to a further eight month extension to the Cooperation Agreement, such that the deadline for DFR to complete Phase 1 and commence Phase 2 would be extended to May 31, 2021, and, consequently the deadline for completion of Phase 2 would be extended to July 31, 2021, and the time available for TMH to exercise its option to acquire the Project would be extended to August 31, 2021. Due to the prevalence of the Pandemic, DFR had not executed on Phase 1 due to travel restrictions associated with the prevailing Pandemic. The Cooperation Agreement has expired and the Company is holding discussions with TMH for future collaboration.

TMH has the option (the "Option") to acquire 100% of the Project in consideration of a payment of $2,000,000 and the grant of a nine percent royalty from future sales, subject to certain minimum deductions. Pursuant to the Amended Agreement, upon exercising the Option TMH must also reimburse DFR for the amount of expenditures incurred by DFR in connection with Phase 1 and Phase 2 of the Amended Agreement. Upon exercise of the Option, TMH is required to place the Project into production by no later than 30 June 2023 (the "Project Long-Stop Date"), subject to certain extensions for events of force majeure, such as permitting delays, but no longer than 30 June 2025. Should the project not be placed into production by the Project Long-Stop Date, then TMH is required to make advance royalty payments to the Company, as follows:

A. $500,000 on the Project Long-Stop Date;
B. $500,000 six months after the Project Long-Stop Date; and,
C. $500,000 on every anniversary of the Project Long-Stop Date thereafter.

If TMH should fail to make an advance royalty payment, when due, then the Company shall have the right to reacquire the Project in consideration of 50% of any advance royalty payments made by TMH. The Company expects the deadlines and milestones to be amended upon the conclusion of the ongoing discussions with TMH.

Costs incurred by the Company for the Beravina Project during the third quarter and nine-months period ended September 30, 2021 amounted to $2,790 and $11,278 (September 30, 2020: $7,484 and $17,529) respectively.

Namibian Marine Diamond Concessions

The Company holds three mining licences off the coast of Namibia. The principal mining licence, ML111, is held by its subsidiary, Diamond Fields (Namibia) (Pty) Limited ("DFN"), and is valid until December 4, 2025. DFN also holds mid to deep water offshore licence ML139, which expires in November 2029. Namibian Diamond Company (Pty) Limited ("NDC"), a 70% owned Namibian subsidiary, holds a near shore mining licence, ML32, which expires on December 17, 2023. An Environmental Clearance Certificate for ML32 was issued by the Ministry of Environment and Tourism on April 24, 2019.

In November 2017, IMDH and NUTAM presented DFR (and its subsidiary DFN) with an initial six months (non-continuous) mining program and, on November 10, 2018, IMDH/NUTAM's vessel MV Ya Toivo started mining activities on ML111. The initial mining program was completed on January 13, 2019, producing 47,298.18ct net weight rough diamonds.

4. REVIEW OF OPERATIONS (CONTINUED)

Projects - (Continued)

Namibian Marine Diamond Concessions (Continued)

Following completion of the first phase of the mining campaign (in January 2019), the Company and IMDH have been assessing the results and considering the need for further exploration and development work before completing the mining campaign. Such work is expected to improve recoveries from the remaining blocks under the current ML111 mining plan. As a result of these discussions, further mining campaigns of the ML111 mining program have been delayed. Any resumption of mining with IMDH is dependent upon the conclusion of these discussions.

The Company has incurred costs amounting to $5,947 and $26,894 (September 30, 2020: $10,040 and $35,969) on the Namibian operations respectively for the third quarter and nine-months period ended September 30, 2021.

Atlantis II, Red Sea

The Atlantis II deposit is comprised of a series of interlinked sub-basins predominantly infilled by a series of SEDEX (Sedimentary Exhalative) sequences. Pursuant to an agreement reached in 2011, a 30-year mining licence issued by the Joint Red Sea Commission to Manafa International Trade Company ("Manafa") was to be transferred to a joint venture company that was to be majority owned by the Company. Diamond Fields was entitled to a 50.1% interest in such company, with Manafa to hold the remaining 49.9% of shares. Manafa never transferred the licence resulting in a dispute.

Diamond Fields has completed an independent resource analysis based on the original core data from the Atlantis II Deeps collated by Preussag. Development of the project has been hindered since April 2013 following the dispute with Manafa, and the Company cannot ascertain whether the licence is in good standing. Diamond Fields continues to take efforts aimed at finding a resolution to the dispute. No significant expenditures were incurred on the project during the reporting period. Any expenditure incurred on the project is accounted and reported under sub-heading *Evaluation of new prospects and other projects* in the condensed consolidated interim financial statements and MD&A.

Evaluation of new prospects and other projects

The Company continues its efforts to secure new projects, which involve the engagement of consultants and professionals. The Company incurred costs amounting to $138,589 and $382,460 (September 30, 2020: $31,350 and $64,466) on the evaluation of new projects respectively for the third quarter and nine-months period ended September 30, 2021, mainly made up of legal and consultancy costs in relation to the fundamental acquisition announced by the Company on August 25, 2021. No project other than as reported above has reached a stage which would require disclosure and reporting under a separate sub-heading.

During the reporting period, the Company entered into definitive agreements to acquire certain gold projects in West Africa (the Moydow transaction) as further disclosed under note 12 *Asset Acquisition* of this MD&A.

5. SELECTED QUARTERLY FINANCIAL INFORMATION

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

All amounts in US$	Sept 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019
Other income gains / (loss) on sale of assets	-	-	-	199	757	528	8,868	14,241
Net profit/ (loss)	840,929	1,131,138	(2,274,203)	(306,314)	134,503	(685,603)	178,752	(102,573)
Basic earnings / (loss) per share	0.01	0.01	(0.03)	(0.00)	(0.00)	(0.01)	0.00	(0.00)

6. CAPITAL RESOURCES AND LIQUIDITY

(i) Cash and Working Capital

At September 30, 2021, the Company had working capital of $187,481 (December 31, 2020: deficit of $573,645) including cash amounting to $600,387 (December 31, 2020: $234,937). The improvement in the Company's working capital arose mainly as a result of the $524,914 gains in the fair value of derivative financial instruments (note: revaluation of share purchase warrants and their subsequent exercise), increase in payables amounting to $128,427, proceeds from the exercise of 10,666,667 warrants (by Spirit Resources SARL) generating $1,063,264 (mainly used to settle a loan of $1,000,000 (from Spirit Resources SARL), and interest thereon, raised earlier during the year (see note 12). The proceeds from financing were mostly applied to finance $808,578 operating expenses as discussed under *Review of selected financial and operating results*.

The Company also registered an increase of $365,450 in its cash balance mainly as a result of the financing (warrants - described above) and an increase in payables amounting to $ 128,430, partly used to finance operating costs.

(ii) Share and loans transactions

The Company had 68,895,662 issued and outstanding common shares as at December 31, 2020 which increased to 79,562,329 as at September 30 2021. The Company entered into a $1,000,000 loan agreement with Spirit Resources SARL (Spirit), its major shareholder at the beginning of the second quarter. On September 10, 2021, the Company announced that Spirit exercised all its share purchase warrants for a total consideration of $ 1,063,264. Spirit retained the loan principal amount ($1,000,000) and interest element ($15,123) and paid the balance of $48,141 to the Company. Further information in relation to the financing is provided under note 12 of the condensed consolidated interim financial statements. The beneficial owner of Spirit is Mr. Jean Raymond Boulle.

During the reporting period, the Company entered into definitive agreements for certain transactions which, following closure (subject to receipt of necesssary approvals), would cause material changes in the loan payable, share capital and ownership structure of the Company (See note 12 *Asset Acquisition*).

6. CAPITAL RESOURCES AND LIQUIDITY (CONTINUED)

(iii) Stock options and warrants

The Company operates a fixed, less than 10%, stock option plan and has approval to issue up to a maximum of 6,789,000 stock options. At December 31, 2020 and September 30, 2021, all the 5,150,000 granted and outstanding had already vested. The options have an exercise price of CAD $0.145 per share. No share-based compensation charge was recorded during the nine-months period ended September 30, 2021 (September 30, 2020: $8,767).

A balance of 10,666,667 stock warrants with an exercise price of CAD $0.125 per unit were outstanding at June 30, 2021 and December 31, 2020. The warrants were issued to Spirit Resources SARL the Company's major shareholder, in 2016. During the reporting period, Spirit Resources SARL has exercised all the 10,666,667 share purchase warrants it was holding and acquired 10,666,667 common shares in the Company. If not exercised, the warrants would have expired on September 23, 2021.

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 interim 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 10 of the interim financial statements.

(ii) Derivative financial instruments

The Company has determined that its functional currency is the U.S Dollar and has issued non-broker warrants in a currency other than its functional currency. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value derivative financial instrument transactions are disclosed under Note 11 of the interim financial statements.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iii) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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 1 January 2021 and the Group considers that their application does not have any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

- Covid-19-related Rent Concessions – Amendments to IFRS 16
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

8. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS

(i) Capital Management

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

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

8. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (CONTINUED)

(ii) Financial Instrument Risks (continued)

Market Risk (Continued)

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, Mauritius, Namibia, Madagascar and South Africa and purchases goods and services denominated in US dollars, Canadian dollars, Namibian dollars, Madagascar Ariary, UK Pounds and South African Rand. 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 reporting period, the Company has the following financial instruments which were subject to interest rate risk:

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

Equity price risk

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

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 through its Namibian operations where intermittent mining and sale of products take place.

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.

9. RISK FACTORS

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

(i) Additional Financing Requirements

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

(ii) Exploration activities will not necessarily result in the discovery of commercially recoverable quantities of targeted minerals (currently diamonds, zinc, copper, gold, nickel 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 diamonds, zircon or other minerals over and above those previously identified. Even if commercial quantities of diamonds, zircon or other minerals are discovered, economic recovery is dependent upon a number of factors, including the particular attributes of the deposit, such as terrain, size and grade, products prices and government regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of these factors are beyond the control of the Company.

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

(iii) Political Risks

The Company strives to minimize political risk by monitoring events in countries where it operates or where it considers operating, and by complying with local laws and regulations. The Company operates and conducts exploration activities in countries which have experienced civil unrest and/or civil warfare in recent years. It attempts to minimize the risks inherent in conducting operations and exploration in frontier areas by monitoring local conditions and avoiding high risk areas.

(iv) 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 diamond, 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.

Sea diamond deposits are alluvial deposits located on the ocean floor. These deposits are particularly difficult to sample because of their remote nature, variable terrain and the location of diamonds in irregular gravel beds lying above and within crevices and potholes in the bedrock. As a result, there are no standard sampling tools and resource estimation practices employed for these types of deposits.

9. RISK FACTORS (CONTINUED)

(v) 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.

(vi) Offshore diamond mining involves significant risks

The business of offshore diamond mining is subject to a variety of risks such as accidents, extreme marine and weather conditions, natural disasters, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which the Company cannot, or may elect not to insure, may result in damage to or destruction of mining equipment and infrastructure, injuries and loss of life, environmental damage, delayed production, increased production costs and possible legal liability to third parties, any or all of which may have a material adverse effect on the Company's financial position. The mining and processing systems and the vessels to be used in the Namibian marine concessions are to be at sea throughout the mining process, and weather conditions will inevitably have an effect on operations.

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

The Beravina deposit has a NI 43-101 Inferred Mineral Resource estimate. Results from test work showed that zircon can be concentrated between 50% 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 licences may be revoked by the applicable government authorities for failure to perform the obligations thereunder. Licences must be renewed periodically. The renewal process involves a review of the licence 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.

9. RISK FACTORS (CONTINUED)

(x) Exchange controls may restrict the Company's ability to repatriate earnings

Namibia is part of the South African Rand Common Monetary Area ("CMA"). Exchange controls in the CMA require that dividends, loans, repayment of loans and payment of all invoices to parties outside the CMA by companies registered in the CMA require prior approval. The controls, as they relate to Namibia, are applied by the Bank of Namibia. The Company held the equivalent of $18,564 (in Namibian Dollars) in Namibia as at the reporting date, which it intends to use to effect payments in Namibia and CMA. Though the Company's subsidiary has received approval from the Bank of Namibia to refund part of the intercompany loan to the Company during the recent past, there can be no assurance that the Company's subsidiary will continue obtaining the requisite approvals in the foreseeable future to repay inter-group loans or pay invoices to parties outside the CMA, including companies within the Company's corporate group not resident in the CMA. Thus, exchange controls may restrict the Company from repatriating funds and using those funds for other purposes.

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

The price of the common shares, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in commodity prices.

Future serious price declines in the market value of certain commodities could cause continued development of the Company's properties to be impracticable.

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

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

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

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.

9. RISK FACTORS (CONTINUED)

(xiii) Competition

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

(xiv) Key Executives

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

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

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

10. OUTSTANDING SHARE DATA

Movement on shares and stock options have been reported under "Capital Resources and Liquidity" section of this MD&A. A total of 79,562,329 common shares were issued and outstanding as at September 30, 2021 and 68,895,662 as at December 31, 2020. As at September 30, 2021 and December 31, 2020, a total of 5,150,000 stock options, all with a price of C$0.145 per share, were granted, remained unexercised and had vested and expiring between December 11, 2021 and August 27, 2023. Holders of options expiring in December 2021 shall be eligible to retain and exercise their options within 10 business days following the resumption of trading of DFR stocks. A balance of 10,666,667 share purchase warrants, issued in 2016, with exercise price of CAD $0.125 per share were outstanding at June 30, 2021 and December 31, 2020. During the reporting period, Spirit Resources SARL has exercised all the 10,666,667 share purchase warrants it was holding and acquired 10,666,667 common shares in the Company. The proceeds from the exercise of warrants have been used mainly to settle an outstanding loan from Spirit Resources SARL (see notes 9 and 12). If not exercised, the warrants would have expired on September 23, 2021.

During the reporting period, the Company entered into definitive agreements for certain transactions (including the exercise of the DFR warrants referred to above) which, following closing, would cause material changes in the share capital and ownership structure of the Company (See note 12 *Asset Acquisition*).

11. RELATED PARTY TRANSACTIONS

Other than warrants and loan transactions with its major shareholder, Spirit Resources SARL, as reported under notes 10, 11 and 12 of the condensed consolidated interim financial sattements, the following compensations provided by the Company constitute related party transactions:

	Nine-months period ended September 30, 2021	Nine-months period ended September 30, 2020
	$	$
G&A – Jean Lindberg Charles, CFO and Secretary	**108,375**	115,875
G&A – Sybrand van der Spuy, President and CEO	**112,500**	112,500
G&A – Fasken Martineau LLP[1]	**354,572**	148,267
E&E – David Reading	**-**	8,910
Share-based compensation – Directors & Officers	**-**	8,536

[1]Mr. Albert C Gourley, serves as a director, and chairman of the Board of the Company, and is also the Regional Managing Partner of Fasken Martineau LLP London which provides advisory services to the Company.

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

12. ASSET ACQUISITION

On August 25, 2021, the Company announced it has entered into definitive agreements in respect of the acquisition of interests in Moydow Holdings Ltd and certain of its subsidiaries (the "Transaction") in exchange for DFR common shares.

Moydow Holdings Ltd ("Moydow"), a company registered in BVI, holds interests in a portfolio of gold assets in West Africa. Upon closing of the Transaction, DFR will control Moydow and take over Moydow's portfolio of assets.

The Transaction involves a combined restructuring of Moydow's shareholdings and a securities exchange with the current security holders of Moydow at the ratio of 16.46 DFR common shares for each Moydow common share (the "Exchange Ratio") and 8.93 DFR shares for each Moydow share option, so that DFR shall issue in aggregate 71,880,320 shares to the current security holders of Moydow as consideration for its stake in the Moydow's portfolio.

Moreover, Moydow has issued 210,000 share purchase warrants ("Moydow Warrants") to three Moydow shareholders (namely Brian Kiernan, Spirit and Pantherea Resources Plc, each owning 70,000 Moydow Warrants), which if exercised (before December 31, 2021), will convert into 3,456,600 common shares of DFR.

Following the Transaction, DFR will acquire:

- 80% interest in Moydow, which owns an option (until May 27, 2024) to acquire 100% of the Labola (Wuo Land) licence against further payment of US$ 1 million.

12. ASSET ACQUISITION (CONTINUED)

At closing of the Transaction, DFR will be vested with an 80% effective interest in the project with Panthera Resources Plc ("PAT") holding a 20% carried interest. DFR will maintain its 80% interest on the condition that it invests US$18.0m in the Labola project by September 30, 2026. If DFR were to make no investments in Labola during the specified period, subject to the exercise by PAT of its buy back right (described below), its interest would decrease to no less than 60%. PAT shall have the right to acquire an additional 10% holding in Labola on the earlier of (i) 90 days following DFR completing an investment of $18m in Labola; or (ii) 30 September 2026, by making a payment to DFR of up to $7.2m, to be adjusted down based on DFR's actual investment in the Labola project during the specified period.

- 40% indirect interest in the Kalaka (Mali) licence which is intended to be operated by PAT which also holds 40% interest and the remaining 20% interest is held by a local company.

- 10% indirect interest in 3 Nigeria mining licences owned by 3 different companies, with PAT owning equally a 10% indirect interest, and the option (against certain payments) to jointly (DFR and PAT 50:50) own 65% of the Nigeria licences.

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

In connection with the Transaction, Brian Kiernan and Spirit have executed subscription agreements with DFR and otherwise agreed to invest a combined $2,750,000 as part of the Transaction ("Founder Investments") as follows:

(a) Spirit Resources SARL

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

The proceeds will be used to settle the existing Spirit US$ 1,000,000 loan facility from Spirit and interest arising thereon amounting to US$ 15,123. Upon closing, assuming exercise of all Moydow Warrants, Spirit will own 42.8% of DFR issued and outstanding common shares.

Pursuant to the agreements, on September 10, 2021, the Company announced that Spirit has fully exercised its share purchase warrants at CAD $0.125 per warrant and thereby acquired 10,666,667 common shares in the Company. The proceeds from the exercise of warrants have been used to settle the Spirit loan and interest thereon, as stated above, and the balance (amounting to $48,141) has been received in cash.

(b) Brian Kiernan

Brian Kiernan has agreed to exercise US$ 350,000 of his options in Moydow (the "Moydow Options") which will be exchanged for common shares of DFR at the Exchange Ratio on closing and to make a further investment of US$ 900,000 into DFR by way of a subscription for 4,147,465 common shares of DFR at a price per common share of US$ 0.217 conditional on the closing of the Transaction. The exercise of the Moydow Options and the subscription, together with a recent exercise of US$ 250,000 Moydow Options by Brian Kiernan, will result in an aggregate capital subscription of US$ 1.5m.

12. ASSET ACQUISITION (CONTINUED)

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

Upon closing, assuming exercise of all Moydow Warrants, Brian Kiernan will own 37.5% of DFR's issued and outstanding common shares. As such, Brian Kiernan will be considered a *Control Person* under the TSXV rules. Following the end of the reporting period, Brian Kiernan has exercised the 350,000 Moydow Options, earlier than scheduled.

Assuming completion of the Transaction, the Founder Investments and exercise of all Moydow warrants, the current shareholders of DFR will own 57.4% and the Moydow shareholders will own 42.6% of the DFR issued and outstanding common shares.

Management and Board

Following completion of the Transaction, Brian Kiernan will be appointed as a Non-Executive Director and Chairman of the Board, and Len Comerford and Carlo Baravalle will be appointed as Non-Executive Directors. Sybrand Van Der Spuy will continue as a Director and Chief Executive Officer and, Al Gourley, David Reading and Bertrand Boulle will continue serving as Non-Executive Directors of the Company. Jean Lindberg Charles will continue to serve as the Chief Financial Officer.

Closing and Halt Trading

It is anticipated that the Transaction will close during the first quarter of 2022 following such shareholder meeting as may be required by the TSX-V.

As a result of the ongoing process pertaining to the Transaction, trading of DFR shares on the stock exchange will remain halted until further notice.

13. EVENTS AFTER THE REPORTING PERIOD

There has been no material event since the end of the reporting period which would require disclosure or adjustment to the condensed consolidated financial statements for the nine-months period ended September 30, 2021 other than as disclosed under Note 12 – *Asset Acquisition*.

Schedule F – Moydow Audited Financial Statements for the year ended December 31, 2020 and the period from incorporation on May 28, 2019 to December 31, 2019



MOYDOW HOLDINGS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

MOYDOW HOLDINGS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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MOYDOW HOLDINGS LIMITED

CORPORATE INFORMATION

Directors:	**Date of appointment**	**Date of resignation**
Brian Patrick Kiernan	28 May 2019	-
Albert Carlisle Gourley	28 May 2019	-
Mark Graham Bolton	31 August 2020	-

Registered Agent:

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British Virgin Islands

Banker:

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MOYDOW HOLDINGS LIMITED

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements for the year ended 31 December 2020 have been prepared by management who, when necessary, has 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 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, and that the accounting records provide a solid foundation from which to prepare the financial statements.

The Board of directors has the responsibility of the financial statements. The Board of directors approves the financial statements.

Date: April 29, 2022

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Moydow Holdings Limited

Opinion

We have audited the accompanying financial statements of Moydow Holdings Limited (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year ended December 31, 2020 and the period from incorporation on May 28, 2019 to December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and the period from incorporation on May 28, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Vancouver, Canada

Chartered Professional Accountants

April 29, 2022

MOYDOW HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Notes	2020 USD	2019 USD
ASSETS			
Non-current assets			
Investments in associate	9	**92,814**	1
Exploration and evaluation assets	10	**2,790,000**	-
Deferred acquisition cost	11	**535,752**	2,525
Total non-current assets		**3,418,566**	2,526
Current assets			
Prepaid expenses	12	**500,000**	-
Cash and cash equivalents	13	**1,191,336**	-
Total current assets		**1,691,336**	-
Total assets		**5,109,902**	2,526
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**6,050,000**	1
Share-based option reserve	15	**532,281**	-
Revenue deficits		**(1,666,164)**	(406,141)
Shareholders' interests/(deficits)		**4,916,117**	(406,140)
LIABILITIES			
Current liabilities			
Trade and other payables	16	**142,181**	243,271
Borrowings	17	**51,604**	165,395
Total liabilities		**193,785**	408,666
Total equity and liabilities		**5,109,902**	2,526

Events after the reporting period (Note 22)

"Brian Kiernan"
Director

"Albert C Gourley"
Director

The notes on pages 10 to 40 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 5.

MOYDOW HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 USD	Period from 28 May 2019 to 31 December 2019 USD
Continuing operations			
Other income			
Gain on settlement of debt	14(ii)	**111,187**	-
Exploration and evaluation expenditures	10	**(140,365)**	(25,039)
Administrative expenses			
Directors' fees		**(47,247)**	(66,148)
Share-based compensation	15	**(532,281)**	-
Legal fees		**(136,121)**	(105,275)
Management service agreement		**(155,729)**	(134,021)
Audit and accountancy fees		**(25,000)**	-
Other administrative and general expenses		**(181,814)**	(75,658)
		(1,078,192)	(381,102)
Finance income			
Foreign exchange gain		**4,533**	-
Share of loss of associate	9	**(157,186)**	-
Loss before taxation		**(1,260,023)**	(406,141)
Income tax expense	18(a)	**-**	-
Loss for the year/period		**(1,260,023)**	(406,141)
Other comprehensive income for the year/period		**-**	-
Total comprehensive loss for the year/period		**(1,260,023)**	(406,141)

The notes on pages 10 to 40 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 5.

MOYDOW HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital USD	Share based option reserve USD	Revenue deficits USD	Total equity USD
At 28 May 2019		-	-	-	-
Issue of shares	14	1	-	-	1
Loss for the period		-	-	(406,141)	(406,141)
Other comprehensive income for the period		-	-	-	-
At 31 December 2019		**1**	**-**	**(406,141)**	**(406,140)**
Issue of shares	14	6,049,999	-	-	6,049,999
Loss for the year		-	-	(1,260,023)	(1,260,023)
Share-based compensation	15	-	532,281	-	532,281
Other comprehensive income for the year		-	-	-	-
At 31 December 2020		**6,050,000**	**532,281**	**(1,666,164)**	**4,916,117**

MOYDOW HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 USD	Period from 28 May 2019 to 31 December 2019 USD
Cash flows from operating activities			
Loss for the year/period		**(1,260,023)**	(406,141)
Adjustments for non-cash items:			
Gain on settlement of debt	14(ii)	**(111,187)**	-
Share-based compensation	15	**532,281**	-
Unrealised foreign exchange movement		**(1,995)**	-
Share of loss of associate	9	**157,186**	-
Operating loss before working capital changes		**(683,738)**	(406,141)
(Decrease)/increase in trade and other payables		**(51,393)**	243,271
Cash used in operations		**(735,131)**	(162,870)
Tax paid	18(a)	**-**	-
Net cash used operating activities		**(735,131)**	(162,870)
Cash flows from investing activities			
Addition to investments in associate	9	**(249,999)**	-
Exploration and evaluation assets	10	**(290,000)**	-
Addition to deferred acquisition cost	11	**(533,227)**	(2,525)
Net cash used in investing activities		**(1,073,226)**	(2,525)
Cash flows from financing activities			
Proceeds from issue of shares	14	**2,000,000**	-
Net proceeds from borrowings		**997,395**	165,395
Net cash generated from financing activities		**2,997,395**	165,395
Net increase in cash and cash equivalents		**1,189,038**	-
Effect of exchange rate changes on cash and cash equivalents		**2,298**	-
Cash and cash equivalents at beginning of year/period		**-**	-
Cash and cash equivalents at end of year/period	13	**1,191,336**	-

Supplemental disclosure with respect to cash flows (Note 13)

1. GENERAL INFORMATION

Minere Holdings Limited (the "Company") was incorporated on the 28 May 2019 in the British Virgin Islands as a private company limited by shares under the BVI Business Companies Act 2004. The Company is domiciled in the British Virgin Islands and is regulated by the BVI Registrar of Corporate Affairs. The Company's registered office is at C/o SHRM Trustees (BVI) Limited, Trinity Chambers, P.O. Box 4301, Road Town, Tortola, British Virgin Islands.

The principal activity of the Company is gold exploration with interests in West Africa, namely in Burkina Faso, Mali and Nigeria.

2. NATURE AND CONTINUANCE OF OPERATIONS

These 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.

As at 31 December 2020, the Company had revenue deficits of USD 1,666,164 (31 December 2019: USD 406,141) and incurred a net loss of USD 1,260,023 during the year then ended (31 December 2019: USD 406,141).

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

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 there is no assurance that the Company will be successful in these actions, these financial statements do not give effect to potentially material adjustments that would be necessary should the Company be unable to continue as a going concern.

Subsequent to the year end, the Company has made necessary financing arrangements to ensure that the Company continues as a going concern. Management believes that the funding will be sufficient to carry out operations over the next 12 months.

3. STATEMENT OF COMPLIANCE

The financial statements of **Moydow Holdings Limited** have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements were authorized for issue by the Board of directors on April 29, 2022.

4. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which have been measured at fair value, and other relevant financial assets and financial liabilities which have been stated at amortised cost. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

4. BASIS OF MEASUREMENT (CONT'D)

Where necessary, comparative figures have been amended to conform to changes in presentation in the current year. The financial statements are presented in United States Dollars ("USD") which is the Company's functional and presentation currency.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

(a) Investments in associate

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

Subsequent to initial recognition, the economic interest financial statements include the Company'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 Company'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 Company'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 Company's share of the associate's profit or loss.

When the Company's share of losses exceeds its interest in an associate, the Company 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 Company's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(b) 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United States Dollar ("USD"), which is **Moydow Holdings Limited**'s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/ (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

All values are rounded to the nearest United States Dollar, except when otherwise indicated.

(d) 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial Liabilities (Cont'd)

(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 cash and other receivables, 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: trade payables, accrued liabilities and borrowings. Trade payables, accrued liabilities and borrowings 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.

(e) Mineral properties

Exploration and Evaluation assets ("E&E") represent payment for a separately acquired option to obtain legal rights to explore, and hence, are capitalised as they are incurred. The Company's properties are all currently in the Exploration and Evaluation stage. 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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.

(g) Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Share-based compensation

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

The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of profit or loss and other comprehensive income over the remaining vesting period.

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

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

Equity-settled share-based compensation are reflected in share-based option reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based option reserve 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.

(i) 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Income taxes (Cont'd)

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.

(j) 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.

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

In the current year, the Company has applied all of the 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 1 January 2020.

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

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

- Amendments to Conceptual Framework - The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

- IFRS 7 and IFRS 9 - Financial Instruments: Disclosures & Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform.

- IAS 1 and IAS 8 - Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Application of new and revised International Financial Reporting Standards (IFRSs) (Cont'd)

New standards, interpretations and amendments not yet effective

IAS 1 Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023)

IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)

IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

IFRS 3 Business Combinations - Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)

IFRS 7 Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS standards 2018 - 2020 (Fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)

IFRS 16 Leases - Amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective 1 June 2020)

IFRS 16 Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its 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 financial statements within the next financial year are discussed below:

(i) Share-based compensation transactions

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

(ii) Derivative financial instruments

The Company has determined that its functional currency is the US dollar and may issue non-broker warrants in a currency other than its functional currency. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date.

Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them.

(iii) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(iv) Impairment of investment in associate

Investment in associate is assessed for indicators of impairment at the end of each reporting date. Investment in associate is impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Determining whether investment in associate is impaired requires an estimation of the recoverable amount of the investment. The directors have evaluated the recoverability of the investment based on their estimates of the recoverable amount and are confident that the allowance for impairment, where necessary, is adequate. The carrying amount of investment in associate at the end of the reporting date are disclosed in note 9 to the financial statements.

7. FINANCIAL RISK MANAGEMENT

7.1 Financial risk factors

Overview

The Company's activities expose it to the following financial risks:

(a) Market risk (including currency risk, cash flow interest risk, fair value interest-rate risk and price risk);
(b) Liquidity risk; and
(c) Credit risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of its financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Company operates in a global environment and is therefore exposed to foreign exchange risk primarily with respect to the Great Britain Pound (GBP), the Australian Dollar (AUD) and the Euro (EUR).

The Company manages its foreign exchange exposures by maximising its reserves in foreign currencies to naturally hedge the exchange rate risks.

Currency profile

The currency profile of the Company's financial assets and liabilities are disclosed below. The amounts shown are those reported to key management translated into USD at the closing rate:

	2020		2019	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	USD	**USD**	USD	USD
United States Dollar (USD)	**1,063,193**	**188,284**	-	369,862
Great Britain Pound (GBP)	**128,143**	**890**	-	38,804
Australian Dollar (AUD)	**-**	**2,227**	-	-
Euro (EUR)	**-**	**2,384**	-	-
	1,191,336	**193,785**	-	408,666

7. FINANCIAL RISK MANAGEMENT (CONT'D)

7.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Currency profile (Cont'd)

Sensitivity analysis

The following table details the Company's sensitivity to a 5% (decrease)/increase in the exchange rate of the foreign currencies against the USD, with all other variables held constant. A positive number below indicates an increase in profit and an increase in equity where the foreign currencies weaken 5% against USD mainly as a result of foreign exchange gains/losses on translation of GBP, AUD and EUR denominated payables and bank balance. For a 5% strengthening of the foreign currencies against the relevant currency, there would be an equal and opposite impact on loss and equity.

	2020	2019
	USD	USD
Impact on loss/equity (+/-)		
Great Britain Pound (GBP)	**6,363**	(1,940)
Australian Dollar (AUD)	**(111)**	-
Euro (EUR)	**(119)**	-
At 31 December,	**6,133**	(1,940)

(ii) Cash flow interest risk and fair value interest-rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Company interest-rate risk arises from loans. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Company to fair value interest-rate risk.

At the end of the reporting period, the Company had no significant interest-bearing borrowings outstanding.

(iii) *Price risk*

Equity price risk is the risk that the fair value of equity instruments will fluctuate because of changes in equity market prices. 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.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

7. FINANCIAL RISK MANAGEMENT (CONT'D)

7.1 Financial risk factors (Cont'd)

(b) Liquidity risk (Cont'd)

Ultimate responsibility for liquidity risk management rests with the Board of directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by ensuring timely recovery of receivables and also by securing credit facilities from financial institutions and its shareholders.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year	1-5 years	Above 5 years	Total
	USD	USD	USD	USD
31 December 2020				
Trade and other payables	**142,181**	**-**	**-**	**142,181**
Borrowings	**51,604**	**-**	**-**	**51,604**
	193,785	**-**	**-**	**193,785**

	Less than 1 year	1-5 years	Above 5 years	Total
	USD	USD	USD	USD
31 December 2019				
Trade and other payables	243,271	-	-	243,271
Borrowings	165,395	-	-	165,395
	408,666	-	-	408,666

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Normally, credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI), at fair value through profit or loss (FVTPL), deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

The Company manages its credit risk. For banks and financial institutions, only independently rated parties are accepted. Credit risk is considered minimal as the Company transacts only with reputable institutions in the banking industry.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by line management.

7. FINANCIAL RISK MANAGEMENT (CONT'D)

7.2 Financial instruments by category

The carrying amounts of other receivables, financial assets at amortised cost, cash and cash equivalents, borrowings and trade and other payables approximate their fair values, due to their relatively short-term maturities.

	2020	2019
	USD	USD
Assets as per the statement of financial position		
Financial assets at amortised cost		
Other receivables (excluding prepayments)	**-**	-
Cash and cash equivalents	**1,191,336**	-
	1,191,336	-
Liabilities as per the statement of financial position		
Financial liabilities at amortised cost		
Trade and other payables	**142,181**	243,271
Borrowings	**51,604**	165,395
	193,785	408,666

7.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified either as financial assets at fair value through other comprehensive income or as financial assets at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques such as capitalised earnings method, dividend yield method, discounted cash flow and net asset basis are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

7. FINANCIAL RISK MANAGEMENT (CONT'D)

7.3 Fair value estimation (Cont'd)

At December 31, 2020, none of the Company's financial assets and liabilities are measured and recognized on the statement of financial position at fair value on a recurring basis.

During the years ended December 31, 2020 and 2019, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

7.4 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt-to-adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, share premium, non-controlling interests, retained earnings and revaluation surplus) other than amounts recognised in equity relating to cash flow hedges, and includes some forms of subordinated debt.

During 2020, the Company's strategy, which was unchanged from 2019, was to maintain the debt-to-capital ratio at the lowest level in order to secure access to finance at a reasonable cost. The debt-to-capital ratios at 31 December 2020 and 31 December 2019 were as follows:

		2020	2019
		USD	USD
Total debts (note 17)		**51,604**	165,395
Less: cash in hand and at bank		**(1,191,336)**	-
Net (cash)/debt		**(1,139,732)**	165,395
Equity		**4,916,117**	(406,140)
Debt/equity ratio	%	**N/a**	N/a

8. AGREEMENTS

(a) Asset purchase agreement dated 21 July 2020 and related documents

I. With a view of consolidating the Company's existing West African assets, on 21 July 2020, the Company (the "Buyer") entered into an asset purchase agreement (the "Asset Purchase Agreement") with Panthera Resources Plc ("PAT" or the "Seller") and Brian Kiernan for the transfer of:

(i) Panthera's rights under an option agreement dated 27 May 2019 with the option holder in respect of the Labola project in Burkina Faso (the "Labola Option Agreement") (see 8(c) below); and

(ii) All shares which the Seller holds in Panthera Mali Resources SARL Plc ("PMR"). PMR holds the Kalaka project in Mali.

II. As consideration under the Asset Purchase Agreement, the Buyer shall:

(i) on the closing date, allot and issue to the Seller, or such person as the Seller may direct in writing, consideration shares representing 3,000,000 shares as fully paid at a price of USD 1 each at closing (the "Consideration Shares"); and

(ii) pay to the Seller the sum of USD 350,000 (the "Additional Consideration") on the following dates:

- USD 200,000 shall be payable by 30 September 2020; and
- USD 150,000 shall be payable by 31 March 2021.

The Additional Consideration was subsequently cancelled and replaced (see 8 V below).

III. Furthermore, under the terms of the Asset Purchase Agreement, Brian Kiernan shall:

(i) Subscribe for 1,000,000 shares at a subscription price of USD 1 per share payable in cash, on the closing date;

(ii) Subscribe for 500,000 shares at a subscription price of USD 1 per share, which shall be issued fully paid at the closing date in consideration for certain drilling and associated work equivalent to USD 500,000 (the "Kiernan Drilling Shares") to be performed the earlier of: (i) the date of any IPO; or (ii) the date that is one year from the Closing Date and if the Seller so requests the Buyer, the Buyer shall cancel the said shares within 10 Business Days of such request; and

(iii) Be granted an option to subscribe for 500,000 shares in consideration for a sum of USD 500,000 for a period expiring on the earlier of: (i) the date of any IPO; and (ii) 31 December 2021.

Subsequent to the period end, Brian Kiernan paid USD 500,000 to the Company as consideration for the 500,000 shares in lieu of performing drilling and associated work.

IV. On 31 August 2020, the parties to the Purchase Agreement entered into a:

(i) Supplemental Agreement to confirm that Kiernan and Panthera will first surrender any shares to the Company to enable their cancellation pursuant to the Purchase Agreement; and

(ii) Side letter to extend the deadline for Panthera to satisfy the conditions of Closing in favour of the Company in connection with the Kalaka project ("Kalaka Closing Date"), including amending the issue of the Consideration Shares so that Panthera would be issued 2,500,000 newly issued shares in the Company on the closing date and 500,000 newly issued shares in the Company on the Kalaka Closing Date.

8. AGREEMENTS (CONT'D)

(a) Asset purchase agreement dated 21 July 2020 and subsequent amendments (Cont'd)

V. On 23 November 2020, the parties to the Asset Purchase Agreement entered into an agreement to cancel the Additional Consideration (referred under 8(a)II(ii) above) and replace as follows:

(i) Buyer shall pay USD 290,000 on various dates during the year 2020 in relation to the Labola property;

(ii) Buyer shall pay USD 176,000 by 31 March 2021 for the Kalaka property subject to Seller satisfying all the provisions pursuant to the Purchase Agreement pertaining to the Kalaka property.

(iii) Seller shall use at least USD 66,000 of the payment from Buyer on qualifying expenditures under an exploration programme in relation to the Kalaka property (such programme to be agreed with the Company, acting reasonably).

Following the above Supplemental Agreement and Side letter, both dated 31 August 2020, and the above variation dated 23 November 2020, the final consideration under the Asset Purchase Agreement is as follows:

- With respect to the acquisition of Panthera's rights under an option agreement dated 27 May 2019 with the option holder in respect of the Labola project in Burkina Faso:
  - 2,500,000 common shares in Moydow at a price of USD 1 each; and
  - USD 290,000 payment as Additional Consideration
- With respect to the acquisition of Panthera Mali Resources SARL Plc:
  - 500,000 common shares in Moydow at a price of USD 1 each (issued in 2021); and
  - USD 110,000 payment as Additional Consideration (outstanding as at reporting date)

(b) Exploration Data Purchase Agreement dated 09 October 2020

On 9 October 2020, the Company entered into a purchase agreement with Nord Gold SE ("Nord Gold") in respect of certain exploration data, reports and samples held by Nord Gold pertaining to the Labola property (the "Exploration Data Purchase Agreement"). Pursuant to the Exploration Data Purchase Agreement, Nord Gold shall sell, transfer and assign to the Company exploration data, reports and samples and the Company shall grant Nord Gold 0.5% Net Smelter Return (NSR) royalty capped at USD 3,000,000.

(c) Deed of Novation dated 29 August 2020, and 05 November 2020

On 5 November 2020, the Company entered into an agreement (the "Option Agreement") with PAT and the legal and beneficial holders (the "Licence Holder") of certain prospecting and/or mineral exploration and/or mining rights (the "Property") (together the "Parties") following an initial deed of novation and variation dated 29 August 2020 (in reference to the agreement dated 27 May 2019 (see note 8(a)I(ii)) among the Parties whereby PAT transferred its rights pertaining to the Mineral Rights to the Company. Pursuant to the Option Agreement, the Company:

I. Shall, for a consideration of USD 1,000,000, payable to Licence Holder, on or before 27 May 2024, have the option to acquire 100% right, title and interest in the Property which consist of the WUO Land exploration permit (main tenements) and 2 smaller semi-mechanized exploitation permits in respect of gold in Burkina Faso.

II. Shall make an additional payment of USD 1,000,000 to the Licence Holder upon the successful definition and reporting of a resource of at least 1,000,000 ounces of gold (under the Joint Ore Reserves Committee Code (the "JORC Code"), the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve); and

III. Shall in addition to the above, pay the Licence Holder a 1% net smelter return royalty (NSR) on all gold produced up to a total payment of USD 2,000,000.

8. AGREEMENTS (CONT'D)

(d) Corporate Joint Venture Agreement

On 20 July 2020, the Company entered into a corporate Joint Venture Agreement (the "JVA") with:

- Gurara Holdings Limited;
- PW Nigeria Mining Limited ("PW Mining"), a company incorporated in Nigeria;
- Zinariya Mining Limited ("Zinariya"), being a company incorporated in the British Virgin Islands;

PW Mining and Zinariya are members of a group of companies of which PW Nigeria Limited ("PW Nigeria"), a company incorporated in Nigeria, is a member (the "PW Group").

In accordance with the terms of the JVA, the entire issued share capital in each of the Nigerian incorporated operating companies being Paimasa Mining Limited, Dagma Mining Limited and Dext Mining Limited (the "Nigerian Operating Companies") are being transferred by PW Nigeria to Gurara Holdings Limited.

The Company has paid the sum of USD 250,000 (the "Initial Payment") in consideration of its 20% shareholding in Gurara Holdings Limited and may acquire a further interest in the Gurara Holdings Limited by assuming certain funding options.

The terms of the JVA covered inter-alia:

(i) Conditions for the implementation of Work Program and approval of the related Budget;

(ii) PW granting the Company the exclusive right and option to earn up to a 65% Participating Interest by satisfying within the time limits therefore the following obligations (the "Earn-In Option"):

- Where the Company pays funds in an amount of USD 750,000 (which, together with the Initial Payment, equates to an aggregate funding amount of USD 1,000,000) on or before 20 September 2021 (the "First Option Expiry Date"), it shall have exercised the First Option and would be bestowed a 51% Participating Interest.

- Where, following the exercise of the First Option, the Company pays additional funds in an amount of USD 1,000,000 on or before 20 July 2023 (the "Second Option Expiry Date"), it shall have exercised the Second Option and would be bestowed a 65% Participating Interest.

(iii) Establishing a Joint Funding Period whereby each of the Participants shall be entitled but not obliged to fund Work Programs and Budgets in proportion to their respective Participating Interests. If a Participant elects to participate in a Work Program and Budget in some lesser amount than its respective Proportionate Share or not at all, the Participating Interest shall be subject to dilution such that:

- the Contributing Participant's Participating Interest shall increase by 1% for every USD 75,000 contributed by the Contributing Participant in excess of the amount that the Contributing Participant contributed in respect of its Proportionate Share.

- the Non-Contributing Participant's Participating Interest shall be diluted to the percentage figure obtained by subtracting the Contributing Participant(s)' Participating Interest(s) as increased pursuant to Section above from 100%.

9. INVESTMENTS IN ASSOCIATE

		2020	2019
		USD	USD
(a)	*At cost - Unquoted*		
	At 01 January 2020/28 May 2019	**1**	-
	Additions:-On incorporation	**-**	1
	-By virtue of Corporate Joint Venture Agreement (see note 8(d))	**249,999**	-
	Share of loss of associate	**(157,186)**	-
	At 31 December,	**92,814**	1

(b) On 28 May 2019, the Company facilitated the incorporation of and temporarily subscribed and paid USD 1 for the initial share issued by Gurara Holdings Limited. According to the provisions of the Corporate Joint Venture Agreement dated 20 July 2020 (see note 8(d) above), the Company is required to contribute additional considerations to increase its interests in Gurara Holdings Limited (the "Earn-In Option"). Accordingly, the Company contributed an additional amount of USD 249,999 and subscribed for 1,999 additional shares out of the 9,999 shares which Gurara Holdings Limited was issuing. Following this last subscription and issue, the Company's stake in Gurara Holdings Limited has reached 20%.

Subsequent to the reporting period, despite the fact that the Company has completed its contractual USD 1,000,000 qualifying expenditures to earn the First Option, the directors, upon recommendation from management, have resolved not to pursue the Second Option and, with exception to statutory payments to keep the licenses in good standing, not to incur further costs on the Nigerian projects.

The Company considers that it does not share joint control of Gurara Holdings Limited. However, as it has significant influence over the investee, the Company accounts for its investment in accordance with International Accounting Standard 28 Investments in Associates and Joint Ventures.

(c) The investment in the associate is accounted for using the equity method.

(d) 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. At the end of the reporting period, the Company's share of loss of the associate amounted to USD 157,186.The Company does not incur legal or constructive obligation to make payments on behalf of the associate.

9. INVESTMENTS IN ASSOCIATE (CONT'D)

(e) Details of the Company's associate are as follows:

Name of company	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			
			USD	USD	%	%	%		
Gurara Holdings Limited	Ordinary shares	31 December,	10,000	250,000	20%	-	20%	British Virgin Islands	Investment holding (mining sector)

(f) 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
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Gurara Holdings Limited	10,248	-	1,866	-	-	(785,932)	1,089	(784,843)	-

(g) Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

Name of company	Opening net assets	Net assets on acquisition	Loss from continuing operations	Other comprehensive income for the year	Closing net liabilities	Ownership interest	Interest in associate	Goodwill	Carrying value
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Gurara Holdings Limited	-	-	(785,932)	-	(8,383)	(1,677)	250,000	-	92,814

10. EXPLORATION AND EVALUATION ASSETS

		2020	2019
		USD	USD
(a)	***Cost***		
	At 01 January 2020/28 May 2019	**-**	-
	Acquisition of mining rights - Labola project in Burkina Faso by virtue of Purchase Agreement (see note 8(a)):		
	- Issue of shares	**2,500,000**	-
	- Cash consideration	**290,000**	-
	Unsuccessful exploration expenditure derecognised	**-**	-
	At 31 December,	**2,790,000**	-

Exploration and evaluation ("E&E") expenditures immediately expensed to in the statement of profit or loss and other comprehensive income amounted to USD 140,365 (31 December 2019: USD 25,039). Mineral resources acquired are not subject to amortisation until they are included in the life-of-mine plan and production has commenced.

11. DEFERRED ACQUISITION COST

	2020	2019
	USD	USD
At 01 January 2020/28 May 2019	**2,525**	-
Additions:		
- Payment of Expenditures (refer to note (a) below)	**783,226**	2,525
Transfer to investments in associate:		
- By virtue of Corporate Joint Venture Agreement (see note 8(d))	**(249,999)**	-
At 31 December,	**535,752**	2,525

(a) During the year ended 31 December 2020, the Company contributed additional considerations amounting to USD 783,226 (31 December 2019: USD 2,525) to increase its interests in Gurara Holdings Limited. At the end of the reporting period, the Company had to contribute a further USD 214,249 (31 December 2019: USD 997,475) to be eligible to exercise the First Option under the Corporate Joint Venture Agreement (refer to note 8(d) above).

After the end of the reporting period, the Company's aggregate funding in Gurara Holdings Limited has reached USD 1,000,000. Thus, it has exercised the First Option provided under the JVA and is holding a 51% participating interest in Gurara Holdings Limited.

(b) The carrying amounts of the deferred acquisition cost are denominated in USD.

12. PREPAID EXPENSES

(a) In accordance with the Asset Purchase Agreement (refer to note 8(a)), as consideration for certain drilling and associated work equivalent to USD 500,000, the Company allotted and issued 500,000 ordinary shares to Brian Kiernan. Subsequent to the period end, Brian Kiernan paid USD 500,000 to the Company as consideration for the 500,000 shares in lieu of performing the drilling and associated work.

12. PREPAID EXPENSES (CONT'D)

	2020 USD	2019 USD
At 01 January 2020/28 May 2019	**-**	-
Additions:		
- Kiernan Drilling Shares by virtue of the Purchase Agreement (refer to note (a) above)	**500,000**	-
At 31 December,	**500,000**	-

13. CASH AND CASH EQUIVALENTS

	2020 USD	2019 USD
(a) **Analysis of cash and cash equivalents**		
Bank balance	**1,191,336**	-
At 31 December,	**1,191,336**	-

(b) **Non-cash transactions**

The principal non-cash transactions during the year ended 31 December 2020 were as follows:

(i) The issue of 2,500,000 ordinary shares at USD 1 each to Panthera Resources Plc, pursuant to the Asset Purchase Agreement (refer to note 8(a)) for a total non-cash consideration of USD 2,500,000, being part of consideration for the acquisition of mining rights relating to Labola project in Burkina Faso.

(ii) The issue of 500,000 ordinary shares at USD 1 each to Brian Kiernan as consideration for certain drilling and associated work equivalent to USD 500,000 to be performed. Subsequent to the period end, Brian Kiernan paid USD 500,000 to the Company as consideration for the 500,000 shares in lieu of performing the drilling and associated work.

(iii) The issue of 999,999 common shares for a total consideration of USD 999,999 to Brian Kiernan as consideration for the settlement of debt amounting to USD 1,111,186. The resulting gain of USD 111,187 was credited to the statement of profit or loss and other comprehensive income.

(iv) The issue of 50,000 common shares for a total consideration of USD 50,000 to Eurocap Financial Limited for the settlement, by shares in lieu of cash, for professional services provided to the Company.

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

			Non-cash changes		
	31 December 2019 USD	**Cash flows USD**	**Acquisition USD**	**Foreign exchange movement USD**	**31 December 2020 USD**
Liabilities arising from financing activities	165,395	(113,791)	-	-	51,604
Cash & cash equivalents	-	(1,189,038)	-	(2,298)	(1,191,336)
Net debt/(cash)	**165,395**	**(1,302,829)**	**-**	**(2,298)**	**(1,139,732)**

14. SHARE CAPITAL

	2020		2019
	Number of ordinary shares	**USD**	USD
At 01 January 2020/28 May 2019	**1**	**1**	-
Shares issued:			
- At incorporation	**-**	**-**	1
- By virtue of the Purchase Agreement (refer to note 8(a))	**2,500,000**	**2,500,000**	-
- As consideration for drilling work	**500,000**	**500,000**	-
- On settlement of debt	**999,999**	**999,999**	-
- For cash consideration	**2,000,000**	**2,000,000**	-
- As consideration for professional services received	**50,000**	**50,000**	-
At 31 December,	**6,050,000**	**6,050,000**	1

(i) On incorporation, the Company's Memorandum of Association and Articles of Association (the "M&A") authorised the issue of a maximum of 50,000 shares with a par value of USD 1 each. Accordingly, the Company issued 1 ordinary share at a par value of USD 1 to Mr Brian Kiernan.

During the year ended 31 December 2020, the M&A was amended to authorise the issue of unlimited number of no par value shares, and the shares may be divided into such number of classes and series as the directors may by resolution from time to time determine, and until so divided shall comprise one class and series.

Following the above amendment to the M&A, the ordinary share of USD 1 in issue, which was held by its sole shareholder, Mr Brian Kiernan, was converted to an ordinary share of no par value of the Company.

(ii) During the year ended 31 December 2020, the Company issued:

- 500,000 common shares for a total consideration of USD 500,000 to Brian Kiernan as consideration for certain drilling and associated work equivalent to USD 500,000. Subsequent to the year end, Brian Kiernan paid USD 500,000 to the Company as consideration for the 500,000 shares in lieu of the drilling and associated work.

- 999,999 common shares for a total consideration of USD 999,999 to Brian Kiernan as consideration for the settlement of debt amounting to USD 1,111,186. The resulting gain of USD 111,187 was credited to the statement of profit or loss and other comprehensive income;

- 2,000,000 common shares for a total cash consideration of USD 2,000,000 to individual and corporate investors; and

- 50,000 common shares for a total consideration of USD 50,000 to Eurocap Financial Limited for the settlement, by shares in lieu of cash, for professional services provided to the Company.

14. SHARE CAPITAL (CONT'D)

(iii) Following the end of the year, 500,000 shares have been issued to PAT, pursuant to the Asset Purchase Agreement (see note 8(a)), and Brian Kiernan has subscribed for 250,000 shares by exercising 250,000 share options.

15. SHARE OPTIONS

	2020	2019
	USD	USD
At 01 January 2020/28 May 2019	**-**	-
Options vested but not yet exercised	**532,281**	-
At 31 December,	**532,281**	-

(i) The Company has granted certain employees and directors (the "Optionees") the right to purchase the shares of the Company (the "Option Shares") at a price of USD 1.00 per share (the "Option Price"). Under the Option Agreement, the Optionee can exercise the Option in whole or in part. Upon delivery by the Optionee of a Subscription Letter in accordance with section 2 of the Option Agreement, the Company shall be bound to issue, and the Optionee shall be bound to purchase, such number of Option Shares set out in the Subscription Letter.

(ii) The equity settled options are valued at the fair value on grant date and are calculated by applying the Black-Scholes valuation model.

The following table shows the weighted average assumptions used to fair value the equity settled options granted:

	2020	2019
Dividend yield	**-**	-
Expected volatility	**100%**	-
Risk-free interest rate	**0.28%**	-
Expected life (years)	**1 to 5 years**	-
Share price at grant date (USD)	**1.00**	-
Fair value (USD)	**0.7382**	-

Supplementary information about the stock options are as follows:

- The weighted average exercise price of options outstanding as at 31 December 2020 was USD 1.00 (31 December 2019: nil);
- 800,000 stock options were granted during the year ended 31 December 2020 (31 December 2019: nil);
- At 31 December 2020, no stock options expired; and
- Share-based compensation expenses accounted during the year ended 31 December 2020 was USD 532,281 (31 December 2019: nil).

15. SHARE OPTIONS (CONT'D)

(iii) The following table illustrates the number of, and movements in, share options during the year:

			During the year					
Grant date	**Expiry date**	**Opening balance**	**Granted**	**Exercised**	**Expired/ forfeited**	**Closing balance**	**Options vested**	**Exercisable at end of year**
At 28 May 2019/ 01 January 2020		-	-	-	-	-	-	-
31 Aug 2020	30 Aug 2025	-	200,000	-	-	200,000	200,000	200,000
31 Aug 2020	31 Dec 2021	-	500,000	-	-	500,000	500,000	500,000
03 Sep 2020	03 Sep 2025	-	100,000	-	-	100,000	21,053[1]	-
At 31 December 2020		**-**	**800,000**	**-**	**-**	**800,000**	**721,053**	**700,000**

Note[1]: The stock options would only be exercisable upon an IPO or a change in control which is expected to occur during the first quarter of year 2022. As there are uncertainties about the vesting date, it is assumed that these stock options will vest on a quarterly basis.

(iv) "Share-based option reserve" is used to recognise the value of share options granted prior to exercise.

16. TRADE AND OTHER PAYABLES

	2020	2019
	USD	USD
Trade payables	**4,321**	38,802
Amounts due to related parties (note 21)	**118,992**	204,469
Accrual	**18,868**	-
At 31 December,	**142,181**	243,271

(i) The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2020	2019
	USD	USD
United States Dollar (USD)	**136,680**	204,467
Great Britain Pound (GBP)	**890**	38,804
Australian Dollar (AUD)	**2,227**	-
Euro (EUR)	**2,384**	-
At 31 December,	**142,181**	243,271

(ii) The carrying amounts of trade and other payables approximate their fair value.

17. BORROWINGS

	2020	2019
	USD	USD
(i) ***Current***		
Amount due to shareholder (Brian Kiernan)	**51,604**	165,395
At 31 December,	**51,604**	165,395

(ii) The carrying amount of the Company's borrowings are denominated in USD.

(iii) The borrowings are interest free, unsecured and repayable within 12 months.

(iv) The carrying amount of borrowings are not materially different from the fair value.

18. INCOME TAX EXPENSE

Taxation is calculated at the rate prevailing in the country where the Company is resident. The Company is incorporated in the BVI and is not subject to tax on income or capital gains. Besides, there is no deferred tax charge arising for the Company for the year.

(a) Reconciliation between tax on accounting profit with tax expense:

	2020	2019
	USD	USD
Loss before taxation	**(1,260,023)**	(406,141)
Tax at the rate of 0% (2019: 0%)	**-**	-
Expenses not deductible for tax	**-**	-
Tax loss on which no deferred tax asset recognised	**-**	-
Tax expense	**-**	-

19. CONTINGENT LIABILITIES

At 31 December 2020, no guarantee was given by the Company other than in the normal course of business. Furthermore, on 29 September 2020, the Company has provided guarantee to Mr Aristide Jean Clément Bouda with respect to the Labola exploration licence that the Company will make the necessary investments to meet the minimum expenditure obligations.

20. COMMITMENTS

(a) **Capital commitments**

There is no capital expenditure contracted for by the Company at the end of the reporting period but not yet incurred.

21. RELATED PARTY TRANSACTIONS

The Company entered into transactions with related parties. The nature, volume and type of transactions with the parties are as follows:

Name of company	Type of relationship	Nature of transactions	Volume of transactions	Amount due from/(to)
			USD	USD
2020				
SHRM Trustees (BVI) Limited	Registered agent	Professional fees	4,540	(188)
Gurara Holdings Limited	Associate	Payment of E&E Expenditures	783,226	-
Brian Kiernan	Executive Chairman and shareholder	Prepaid expense	500,000	500,000
		Advances	997,395	(51,604)
Fasken Martineau LLP[1]	Entity with a common director	Professional advice	136,121	(38,804)
James Hannon	Chief Financial Officer	Consultancy fee	133,387	(20,000)
Directors & employees	Optionees	Share-based compensation	532,281	-
Directors	Officers	Directors' fees	47,247	-
Minerex Limited[2]	Company under common control	Service agreement	155,729	(60,000)

21. RELATED PARTY TRANSACTIONS (CONT'D)

Name of Party	Type of relationship	Nature of transactions	Volume of transactions	Amount due from/(to)
			USD	USD
2019				
SHRM Trustees (BVI) Limited	Registered agent	Professional fees	4,300	(4,300)
Gurara Holdings Limited	Associate	Payment of E&E Expenditures	2,525	-
Directors	Officers	Directors' fees	66,148	(66,148)
Fasken Martineau LLP[1]	Entity with a common director	Professional advice	105,275	(1,182)
Brian Kiernan	Executive Chairman and shareholder	Advances	165,395	(165,395)
Minerex Limited[2]	Company under common control	Management service agreement	134,021	(134,021)

Fasken Martineau LLP[1] is an entity where Al Gourley, a Director of the Company, is also the Regional Managing Partner. Fasken Martineau LLP provides professional and consultancy advice to the Company.

Minerex Limited[2] is a company registered in Ireland where Brian Kiernan, a Director of the Company, is also a director and the controlling shareholder.

(i) As disclosed in note 11, the deferred acquisition cost represents additional considerations injected by the Company with a view to increase its interests in Gurara Holdings Limited, in line with the Corporate Joint Venture Agreement (refer to note 8(d)). The amount is unsecured and interest-free.

(ii) There have been no guarantees provided or received for any related party receivables or payables.

(iii) There was no provision for doubtful debts in respect of amounts owed by related parties.

22. EVENTS AFTER THE REPORTING PERIOD

There has been no material event since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 December 2020, except the following:

(i) On March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. This event is a significant event considering the spread of virus all over the world and the situation of lock-down around the world. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies. COVID-19 has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted.

22. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

(ii) During the first quarter of 2021, Panthera Resources Plc (PAT) transferred 100% of its holding in Panthera Mali Resources Sarl (PMR) to the Company. Moydow issued 500,000 common shares valued at USD 500,000 and paid USD 110,000 cash as consideration. PMR holds 80% interest in the Kalaka exploration licence, located 260Km South East of Bamako, Mali, under a joint venture agreement (the "Kalaka JV") with a local participant (the "Local Participant"). Pursuant to the Kalaka JV, PMR has an obligation to spend approximately USD 312,000 in the Kalaka project by 31 December 2021 and a further USD 300,000 by June 2022.

Moreover, pursuant to the Kalaka JV, PMR is obligated to pay USD 80,000 in cash to the Local Participant on or before 31 December 2021, or procure the allotment and issue to the Local Participant, credited as fully paid, such number of shares in Moydow equivalent to USD 80,000. The Local Participant is also entitled to a gross royalty capped at USD 3,000,000 in total.

(iii) On August 25, 2021, the Company announced that definitive agreements have been signed with Diamond Fields Resources Inc. (DFR) for the following transaction which is subject to approvals of the TSX Venture and shareholders of the acquiring company. The transaction is expected to close in the first quarter of 2022.

The transaction ("Transaction") involves a combined restructuring of Moydow's shareholdings and a securities exchange by the current security holders of Moydow other than Panthera Resources Plc. (PAT), with common shares of DFR at the ratio of 16.46 DFR common shares for each Moydow common share (the "Exchange Ratio") and 8.93 DFR shares for each Moydow share option, so that DFR shall issue in aggregate 71,880,320 common shares to the current security holders of Moydow as consideration for its stake in the Moydow's portfolio.

Moreover, Moydow has issued 210,000 share purchase warrants ("Moydow Warrants") to three Moydow shareholders (namely Brian Kiernan, Spirit and Pantherea Resources Plc, each owning 70,000 Moydow Warrants), which if exercised (before December 31, 2021), will convert into 3,456,600 common shares of DFR.

Following the Transaction, DFR will acquire:

- 80% interest in Moydow, which owns: an option (until May 27, 2024) to acquire 100% of the Labola (Wuo Land) permit against further payment of USD 1 million; and a further option to acquire 100% of the WUO Land 2 permit against a total consideration of USD 500,000 payable in tranches (as further described under note 8(e)).

  At closing of the Transaction, DFR will be vested with an 80% effective interest in the project with Panthera Resources Plc ("PAT") holding a 20% carried interest. DFR will maintain its 80% interest on the condition that it invests USD 18.0m in the Labola project by September 30, 2026. If DFR were to make no investments in Labola during the specified period, subject to the exercise by PAT of its buy back right (described below), its interest would decrease to no less than 60%. PAT shall have the right to acquire an additional 10% holding in Labola on the earlier of (i) 90 days following DFR completing an investment of USD 18m in Labola; or (ii) 30 September 2026, by making a payment to DFR of up to USD 7.2m, to be adjusted down based on DFR's actual investment in the Labola project during the specified period.

- 40% indirect interest in the Kalaka (Mali) licence which is intended to be operated by PAT which also holds 40% interest and the remaining 20% interest is held by a local company.

- 10% indirect interest in 3 Nigeria mining licences owned by 3 different companies, with PAT owning equally a 10% indirect interest, and the option (against certain payments) to jointly (DFR and PAT 50:50) own 65% of the Nigeria licences. It is expected that Moydow completes a total investment of over USD 1 milllion in the Nigeria licences before the end of 2021, hence will be entitled to 51% interest in the Nigerian assets, of which DFR will own 25.5% after closing of the Transaction.

22. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

(iv) In accordance with the provisions of the Corporate Joint Venture Agreement (see note 8(d) above), the Company has contributed additional considerations to increase its interests in Gurara Holdings Limited (the "Earn-In Option"). After the end of the reporting period, the Company's aggregate funding in Gurara Holdings Limited has reached USD 1,000,000. Thus, it has exercised the First Option provided under the JVA and is currently holding 51% participating interest in Gurara Holdings Limited.

(v) ***Founder Investments USD 2.75 million (of which USD 2.4 million at DFR holding level)***

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

(a) Spirit Resources SARL

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

The proceeds will be used to settle the existing USD 1 million loan facility from Spirit and interest arising thereon amounting to USD 15,123. Upon closing, assuming exercise of all Moydow Warrants, Spirit will own 42.8% of DFR issued and outstanding common shares.

Pursuant to the agreements, on September 10, 2021, DFR announced that Spirit has fully exercised its share purchase warrants at CAD $0.125 per warrant and thereby acquired 10,666,667 DFR common shares.

(b) Brian Kiernan

Brian Kiernan has agreed to, and has on 12 October 2021, effectively exercised 350,000 of his outstanding share options (the "Moydow Options") which will be exchanged for common shares of DFR at the Exchange Ratio on closing and to make a further investment of USD 900,000 into DFR by way of a subscription for 4,147,465 common shares of DFR at a price per common share of USD 0.217 conditional on the closing of the Transaction. The exercise of the Moydow Options and the subscription, together with a recent exercise of USD 250,000 Moydow Options by Brian Kiernan, will result in an aggregate capital subscription of USD 1.5m in DFR. Upon closing, assuming exercise of all Moydow Warrants, Brian Kiernan will own 37.5% of DFR's issued and outstanding common shares.

500,000 common shares for a total consideration of USD 500,000 were issued to Brian Kiernan as consideration for certain drilling and associated work equivalent to USD 500,000. Subsequent to the year end, Brian Kiernan paid USD 500,000 to the Company as consideration for the 500,000 shares in lieu of the drilling and associated work.

Assuming completion of the Transaction, the Founder Investments and exercise of all Moydow warrants, the current shareholders of DFR will own 57.4% and the Moydow shareholders will own 42.6% of the DFR issued and outstanding common shares.

22. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

(vi) ***Additional License Area – Wuo Land 2 Option Agreement***

On March 11, 2022, DFR announced that Moydow has entered an agreement to acquire an option over an exploration license ("Wuo Land 2"), contiguous to the existing Labola license area. The Wuo Land 2 option is exclusive and can be exercised through the payment of USD 500,000 with the license holder retaining a net smelter royalty of 1% on all gold produced up to a total aggregate payment of USD 2,000,000. The USD 500,000 is payable in tranches with USD 200,000 due upon all the requirements of an escrow agreement to hold the Wuo Land 2 license being satisfied (the "Wuo Land 2 Closing Date"), USD 150,000 within 12 months of the Wuo Land 2 Closing Date and USD 150,000 within 18 months of the Wuo Land 2 Closing Date. The minimum expenditure requirement to keep the WUO Land 2 Property in good standing is USD 113,000 per annum.

23. COMPARATIVES

The Company prepared its first financial statements for the period from 28 May 2019 (date of incorporation) to 31 December 2019. The current year financial statements are for period from 01 January 2020 to 31 December 2020. Hence, the comparative figures for statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related notes, for that period are not comparable with the current year results.

24. SHAREHOLDERS

At 31 December 2020, Mr Brian Patrick Kiernan, a substantial individual shareholder owned 45.45% of the Company's shares, and Panthera Resources Plc, a corporate investor owned 41.32% of the Company's shares. The remaining 13.23% shareholding were owned by other individual shareholders and corporate investors.

The shareholding has changed after the end of the reporting period (see note 22 above).

Schedule G – Moydow Management Discussion and Analysis for the year ended December 31, 2020



MOYDOW HOLDINGS LIMITED
Management's Discussion and Analysis of Financial Condition and Results of Operations
For the year ended December 31, 2020
Date of release April 29, 2022

MOYDOW HOLDINGS LIMITED
Management's Discussion and Analysis
Year ended December 31, 2020
(All amounts are expressed in U.S. dollars except where otherwise indicated)

INTRODUCTION

This Management Discussion and Analysis ('MD&A") for the year ended December 31, 2020 has been prepared as at April 29, 2022, 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 Moydow Holdings Limited ("Moydow", "MOY" 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 financial statements of Moydow.

The Company entered into definitive agreements (the "Definitive Agreements") with Diamond Fields Resources Inc. (TSXV: DFR) ("Diamond Fields" or "DFR") announced by DFR on August 25, 2021. The transaction ("Transaction") involves a combined restructuring of Moydow's shareholding and a securities exchange by the current security holders of Moydow other than Panthera Resources Plc. (see note: *Events After The Reporting Period*).

Incorporation, Reporting requirements and intended audience,

Moydow has been incorporated in the British Virgin Islands (BVI) on May 28, 2019, with BVI company number 2014048. According to the Company's constitution, Moydow is not required to prepare financial statements in compliance with International Financial Reporting Standards (IFRS) or the MD&A. These reports are now being issued pursuant to the Definitive Agreements with DFR.

Additional information about Diamond Fields is available on SEDAR at www.sedar.com.

Coronavirus Covid-19 Pandemic

On March 11, 2020, the World Health Organization (WHO) declared coronavirus COVID-19 a global pandemic (the "Pandemic"). This contagious disease outbreak, which has continued to spread, and the related adverse public health developments, have negatively affected workforces, economies, and financial markets globally, leading to an economic downturn. Several vaccines have been approved by WHO since late 2020 and mass vaccination has started in many jurisdictions. The pandemic has negatively impacted the Company's projects in West Africa. It is not possible for the Company to predict the duration and magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

(i) Material Events following the end of the reporting period

Other than the Transaction as disclosed above, the following material events took place following the end of the reporting period: DFR announced a maiden NI 43-101 compliant technical report for the Company's Labola project in Burkina Faso; the Company earned the First Option under the Gurara JVA; and, the Company entered into an agreement to acquire an exclusive option for the acquisition of an exploration license contiguous to the Company's Labola project (see note: *Events After the Reporting Priod* further below).

Management's responsibility for financial reporting

The 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 financial statements.

INTRODUCTION (CONT'D)

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 financial statements.

The Board of directors carries out its responsibility for the 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 financial statements.

OVERVIEW

Description of business

Moydow Holdings Limited is a British Virgin Islands (BVI) governed company, incorporated on May 28, 2019, with incorporation number 2014068. The Company is active in mineral exploration, and has business interests in Burkina Faso, Mali and Nigeria. Moreover, the Company is actively engaged in the assessment of additional mineral projects around the world, with focus on West Africa, to identify new opportunities.

Principal Assets

Labola (Gold) – Burkina Faso. The Company holds an exclusive option until 27 May 2024 to purchase 100% of the license holder's interest in the Wuo Land (Labola) exploration licenses where data for over 65,500 meters of historical drilling has been acquired by the Company from previous option holders. The Labola project lies in the Banfora greenstone belt of the West African Birimian Supergroup in southwest Burkina Faso . Following the end of the reporting date, the Company, through Diamond Fields, announced a NI 43-101 compliant technical report on October 25, 2021 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.

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

Kalaka (Gold) - Mali. During the first quarter of 2021 and pursuant to agreements entered into among the Company and its substantial shareholders, Panthera Resources Plc and Brian Kiernan, the Company acquired 80% interest in the Kalaka project in Mali (with a local JV partner owning the remaining 20%). The Kalaka gold project is located 260km SE of Bamako in South Mali, 80km south of the 8 Moz Morila gold mine owned by Barrick/AngloGold and 85km northwest of the 6 Moz Syama gold mine owned by Resolute.

Nigeria (Gold). Moydow also holds a 20% indirect interest in various gold exploration projects in Nigeria, where historically very little systematic, modern exploration has been undertaken. The projects are located within the gold-bearing ("Schist Belt") terrain of the Benin-Nigeria Shield, which has broad similarities to the Birimian of the Man Shield of West Africa.

OVERVIEW (CONT'D)
Moydow can earn up to 65% interest the project by investing in total $2 million on or before July 2023. Following the period end, Moydow has to earned 51% interest in the project.

HIGHLIGHTS

Labola – Burkina Faso

The Company entered into an asset purchase agreement with Panthera Resources Plc ("PAT") on July 21, 2020, pursuant to which the Company will acquire PAT's exclusive rights in an option agreement (the "Labola Option") between PAT and the licence holder dated May 27, 2019 to acquire the Labola licences. Moydow shall issue 2,500,000 Moydow shares, valued at US$ 2,500,000 and pay US$ 290,000 as consideration fort the Labola Option. On August 29, 2020 (as amended on November 5, 2020) Moydow, PAT and the licence holder entered into a deed of novation pertaining to which PAT transferred its rights pertining to Labola Option to Moydow. On October 9, 2020 Moydow entered into an exploration data, reports and samples purchase agreement with Nord Gold SE to purchase all their historic data (including 65,500 drilling data) in consideration of a 0.5% net smelter royalty (NSR) capped at US$ 3.0 million.

Moydow has since August 2020, explored the area, compiled all previous data into a single data base audited and interpreted the data. Subsequent to the period end, on October 25, 2021, the Company announced a maiden NI 43-101 compliant resource statement reporting indicated and inferred resource as disclosed further below under the notes *Project / Labola* and *Events After the Reporting Period.*

Kalaka – Mali

Pursuant to the agreements and the deed of novation with Panthera Resources Plc (as referred to under sub-heading *Labola-Burkina Faso*, immediately above) Moydow also acquired all of PAT's rights in the Kalaka project in Mali following the period end (see note on *Events After the Reporting Period*). Moydow issued 500,000 shares valued at US$ 500,000 and paid US$ 110,000 as consideration for the Kalaka project.

Other Gold projects - Nigeria

During the year, the Company earned 20% in Gurara Holdings Ltd., a BVI Company ("Gurara") after investing US$ 250,000 in the project. Gurara acquired 99.9% interest into 3 Nigerian companies in 2020 each owning a mining licence in Nigeria where historically very little systemic modern exploration has been undertaken.

Overall operation updates and performance

The Company posted net loss of $1,260,023 (period from May 28, 2019 to December 31, 2019: $406,141) for the year ended December 31, 2020. An amount of $111,187 was recorded as other income during the year (2019: nil) being recognition of a gain on settlement of debt. Out of the expenditures recognised in the *statement of profit or loss and other comprehensive income*, $157,186 (2019: $ nil) related to share of loss of associate pertaining to the Company's participation in three Nigeria exploration companies through its 20% interest in Gurara Holdings Ltd. An amount of $140,365 (2019: $25,039) related to exploration and evaluation expenses in relation to the Company's option in the Labola project, $532,281 (2019: nil) related to share-based compensation and, $545,911 (2019: $381,102) related to corporate and administrative expenses.

HIGHLIGHTS (Continued)

Corporate activities

The Company issued one (1) common share for a consideration of $1 to its founder, Brian Kiernan, upon incorporation in 2019. Further 6,049,999 common shares have been issued (for a total consideration of $6,049,999) during the reporting period, bringing the total number of common shares issued to 6,050,000. Out of the shares issued, Brian Kiernan acquired 2,749,999 shares (bringing his total interest to 2,750,000 shares), Panthera Resources Plc acquired 2,500,000 shares as part consideration for the Labola option, and the remaining 800,000 common shares have been acquired by several individuals / corporate investors.

Mark Graham Bolton, currently the Managing Director of Panthera Resources Plc (holding 41.3% interest in PAT) was appointed as a Director of the Company on August 31, 2020 in addition to Brian Kiernan and Al Gourley who were appointed as Directors upon incorporation of the Company, since inception on May 28, 2019.

The Company issued 800,000 options to 4 directors/officers of the Company between August and September 2020.

Subsequent to the period end, the Company entered into definitive agreements (Diamond Fields Resources Inc. (DFR) announced by DFR on August 25, 2021 (please see note: *Events After The Reporting Period*).

REVIEW OF OPERATIONS

Projects (Exploration Assets / Interests)

Labola (Gold) – Burkina Faso

The Labola gold exploration project comprising of 3 licences is located in the Banfora greenstone belt of the West African Birimian Supergroup in Comoé province, southwest Burkina Faso. Labola is approximately 370km west-southwest of Ouagadougou, and 100km northeast of the Wahgnion gold mine, operated by Endeavour Mining.

The references and renewal dates of the 3 licenses under the Labola project are set below:

Permit Name	Area	Type	Next renewal date
WUO Land	61.6 Km^2	Exploration permit	March 4, 2024
Daramandougou I	1 Km^2	Semi-mechanised exploitation permit	May 23, 2022
WUO NE	1 Km^2	Semi-mechanised exploitation permit	May 23, 2022

On July 21, 2020, the Company entered into an asset purchase agreement, as amended on November 23, 2020 by the parties (the "Asset Purchase Agreeement"), with Panthera Resources Plc ("PAT") and Brian Kiernan for the acquisition of, amongst others, PAT's rights under an option agreement dated May 27, 2019 (the "Labola Option") in respect of the Labola project in Burkina Faso. As consideration for acquiring the Labola Option, Moydow has issued 2,500,000 common shares valued at US$ 2,500,000 and paid $290,000 cash to PAT.

REVIEW OF OPERATIONS (Continued)

Projects – Labola (continued)

Pursuant to the Asset Purchase Agreement, Moydow, PAT and the Labola licence holder entered into a deed of novation dated August 29, 2020, as amended on November 5, 2020, transferring PAT's entitlement to the Labola Option to Moydow.

The Labola Option agreement gives Moydow exclusive rights until May 27, 2024 to purchase 100% of the licence holder's interest in the Wuo Land (Labola) exploration licence through the payment of US$1.0m. Moreover, US$50,000 is payable annually to the Licence Holder until May 2023. An additional payment of US$1.0m 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 the Joint Ore Reserves Committee Code (the "JORC Code"), the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve;. 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 US$2.0m.

Moydow has explored the area since August 2020, and has benefitted from exploration activities undertaken at Labola 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 9 October 2020 with Nord Gold to purchase all of their historic data in consideration of a 0.5% NSR capped at US$3.0m.

Historic information include over 65,500m of drilling (540 holes) completed across multiple drilling campaigns by HRG and Taurus, consisting of principally diamond and RC drilling (24,589m/39,339m, respectively). 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 Moydow, highlight the opportunity for further extensions and additional zones.

Subsequent to the period end, Moydow has consolidated all the previous exploration data into a single database for the first time in the project's history. The database includes an extensive amount of information, including drilling and soil sampling data, ground and airborne geophysics and Lidar surveys. Moydow recently completed its inaugural exploration drilling program, which included 4,739m of RC drilling, comprising twin drilling of 23 holes in two areas of known, high grade mineralization, 2 infill holes as well as 4 exploration drill holes to test potential extensions. Two holes need to be redrilled for a total of 31 holes. The results of the Moydow drilling showed strong reproducibility of the HRG and Taurus drill data both in terms of location of mineralization and grade. Further, 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 MREs for Labola.

On October 25, 2021, Diamond Fields Resources Inc. announced a maiden Mineral Resource prepared in accordance with National Instrument 43-101 for the Company's Labola project reporting:

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

REVIEW OF OPERATIONS (Continued)

Projects – Labola (continued)

The mineral resource estimate (MRE) for the Labola Project has been prepared by Mr. Ivor W.O. Jones, M.Sc., FAusIMM, P.Geo, of 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. Labola Project 2021-10, prepared in accordance with NI 43-101 and be filed on SEDAR within 45 days of the October 25, 2021 (Diamond Fields Resources Inc.) announcemcent.

The MRE was estimated using ordinary kriging methodologies, standard estimation practices and constrained by an open-pit evaluation based on a US$1,900 per ounce gold price and reported using a cut-off grade of 0.5 grams of gold per tonne ("g/t Au"). The MRE is based upon a total of 69,787 metres ("m") of drilling from 566 drill holes which includes the recent Moydow, confirmatory, twin and infill drilling of 4739m for 31 holes (detailed above). 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.

From the date of completion of the Asset Purchase Agreement until the reporting date, the Company incurred US$ 140,365 on the Labola project made up of surface rent and technical (consultancy) fees.

Pursuant to the Definitive Agreements between Moydow and DFR and other related agreements, upon closing DFR will own 80% interest in the Labola project and PAT, currently a substantial shareholder of MOY, will own a carried 20% interest on the condition that DFR invests US$ 18 million in the project by September 30, 2026. PAT shall have the right to acquire an additional 10% holding in Labola by making a payment of up to US$ 7.2 million before the trigger date.

Following the end of the reporting period, Diamond Fields Resoources Inc. also reported that the Company has entered into an agreement with a license holder acquisition of an option over an exploration license contiguous to the Labola project (see noye - *Events After the Reporting Period)* towards the end of this MD&A.

Kalaka (Gold) – Mali

The Kalaka gold project is located 260km SE of Bamako in South Mali, 80km south of the 8 Moz Morila gold mine owned by Barrick/AngloGold and 85km northwest of the 6 Moz Syama gold mine owned by Resolute.

Pursuant to the July 21, 2020 and November 23, 2020 agreements referred under *Labola Project* above, Panthera Resources Plc will transfer 100% of its holding in Panthera Mali Resources SARL ("PMR"), comprising of the Kalaka project license to Moydow, and Moydow will issue 500,000 common shares, valued at $500,000 and pay $110,000 to PAT as consideration. The transaction was completed following the period end giving Moydow an 80% interest in the kalaka project (see Note – *Events After the Reporting Period*).

REVIEW OF OPERATIONS (Continued)

Purusant to the Definitive Agreements with DFR, Moydow (and ultimately DFR) will own a 40% participating interest in the project with Panthera also owning an equal 40% participating interest and acting as operator; a local participant will hold the remaining 20% participating interest. Other than PMR's obligations described under the note *Events After the Reporting Period* (towards the end of this report), all project interests are participating.

Other projects – Nigeria (Gold)

During the current period, Moydow acquired a 20% interest in various gold exploration projects in Nigeria, where historically very little systematic, modern exploration has been undertaken. The projects are located within the gold-bearing ("Schist Belt") terrain of the Benin-Nigeria Shield, which has broad similarities to the Birimian of the Man Shield of West Africa.

On July 20, 2020 Moydow entered into a joint venture agreement (the "Gurara JVA") oinvolving the following parties:

(1) Moydow Holdings Ltd. ("Moydow" or the "Company");

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

(3) Gurara Holdings Limited ("Gurara"), a BVI Company, which as at December 31, 2020 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:

- The parties acknowledged that Moydow held 20% interest in Gurara and Zinariya held 80% interest in Gurara;
- PW Nigeria Ltd. ("PW Nigeria") is a member of the same group of company as Zinariya and PW Mining and owned the Projects (as described below);
- PW Nigeria transferred 99.99% of the entire share capital in 3 project companies in Nigeria (the "Projects") to Gurara.
- Moydow paid the $250,000 through Projects' spending, (the "Initial Payment") in consideration for its shares (representing a 20% interest) in 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 September 30, 2021 (the "First Option"). Moydow achieved the required expenditure to earn the First Option after September 30, 2021, but the parties have agreed that Moydow has earned the First Option and became bestowed with a 51% interest in Gurara.
- Moydow may acquire a Second Option to earn a 65% interest in Gurara expiring on July 2023 by spending an accumulated $2,000,000 in the Projects.

RESULTS OF OPERATIONS

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

Review of selected financial and operating results

Selected period ends financial and non-financial information

	Year ended December 31, 2020	Period from May 28, 2019 to December 31, 2019
	$	$
Revenue, other income	**-**	-
Gain on settlement of debt	**111,187**	-
Exploration and evaluation expenses	**(140,365)**	(25,039)
Directors fees	**(47,247)**	(66,148)
Share based compensation	**(532,281)**	-
General and administrative expenses	**(498,664)**	(314,954)
Foreign exchange gain	**4,533**	-
Share of loss of associate	**(157,186)**	-
Total comprehensive loss for the year/period	**(1,260,063)**	(408,645)
Weighted average number of shares outstanding	**2,039,801**	1
EPS - basic	**(0.62)**	(408,645)

The Company recorded $111,187 (2019: $nil) income, being a gain on settlement of debt upon recognising $999,999 out of total debt of $1,111,186 owed, to the then sole shareholder (Brian Kiernan) as consideration for 999,999 common shares issued to Brian Kiernan.

The Company incurred $140,365 [rom the date of incorporation (May 28, 2019) to December 31, 2019: $25,039] on exploration expenses for the current year, relating mainly to consultancy expenses on the Labola project (2019: $25,039 – to pursue Nigeria opportunities).

Directors fees $47,247 (period to December 31, 2019: $66,148) for the year ended December 31, 2020 were paid to Brian Kiernan.

Share-based compensation for the year ended December 31, 2020 amounted to $532,281 (period to December 31, 2019: nil) which arose following the valuation of share pucrchase options granted during the current period. 800,000 share options with an exercise price of $1 per option have been granted from 31st August 2020 to 3rd September 2020, valued using the Black-Scholes model (see sub-heading *Stock Options* further below and note 15 – *Share Options* of the Financial Statements).

RESULTS OF OPERATIONS (Continued)

In addition to directors fees, general and administrative overheads (G&A) amounted to $498,664 for the year ended December 31, 2020 (period ended Dec 31, 2019: $314,954) consisted of management service agreement $155,729 (2019: $134,021), legal fees $136,121 (2019: $105,275), audit and financial advisory $133,387 (2019: nil) and other expenses $73,427 (2019: $75,658).

Share of loss relate to the loss attributable to the Company's 20% interest in Gurara under equity accounting.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets forth selected financial information for the seven most recently completed quarters (instead of eight quarters, the Company having been inroprated in May 2019):

All amounts in US$	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019
Other Income	1,995	671	113,054	-	-	-	-
Net (Loss) / Income	(333,468)	(766,718)	(54,187)	(105,645)	(121,016)	(142,503)	(142,622)
Basic (Loss) / Earnings per share	(0.06)	(0.34)	N/A	N/A	N/A	N/A	N/A

CAPITAL RESOURCES AND LIQUIDITY

Cash and Working Capital

At December 31, 2020, the Company had working capital amounting to $1,497,551 (December 31, 2019 deficit: $408,666) including cash amounting to $1,191,336 (December 31, 2019: nil). Prior to completing its initial equity financing in 2020, the Company was either funded by, or given credit backed by, its founding shareholder, M. Brian Kiernan.

The $1,191,336 cash balance is as a result of equity finanacing and loans received amounting to $2,000,000 and 997,395 respectively, the balance being partly used as follows: for investment purposes $1,073,226 (2019: $2,524); and, to pay operating expenses and trade payables amounting to $735,131 (2019: $162,870).

The increase in working capital (2019 – decrease) arose mainly as a result of movement on cash balance as described above.

Share and loans transactions

The Company's founding shareholder, Brian Kiernan, subscribed to one common share for $1 consideration upon incorporation. No further shares were issued during the period ended December 31, 2019. During the current period, the Company issued 2,500,000 shares to Panthera Resources Plc as part consideration for the Labola Option for a deemed value of $2,500,000. Brian Kiernan subscribed to a further 2,749,999 shares (of which 500,000 for future services, 1,250,000 shares for cash, and 999,999 for debt settlement) at a price of $1 per share and several individual and corporate investors subscribed to 800,000 common shares for a total consideration of $800,000.

CAPITAL RESOURCES AND LIQUIDITY (Continued)

At December 31, 2020, Brian Kiernan held 45.5% interest in the Company, Panthera Resources Plc held 41.3% and the remaining minority holders held 13.2% interest.

The founding shareholder, Brian Kiernan, who has been supporting the Company financially since its incorporation provided bridge financing to the Company prior to the opening of a bank account. The Company's indebtedness to Brian Kiernan as at December 31, 2019 was $165,395, Brian Kiernan provided further loans amounting to $997,395 to the Company during the year. Part of the loan has been used as consideration for the issuance of 999,999 shares (at $1 per share), an amount of $111,187 has been recognised as gain on settlement of debt, and the loan balance as at December 31, 2020 was $51,604.

Stock options and warrants

The Company awarded share options to directors and management. During the current year, it issued a total 800,000 (2019: nil) share options (of which 700,000 vested immediately) with an exercise price of $1 per option with the following maturity dates:

		During the year				
Grant date DD/MM/YY	Expiry date DD/MM/YY	Granted	Exercised	Expired / forfeited	Closing balance	Options vested
31/08/2020	31/12/2021	500,000	-	-	500,000	500,000
31/08/2020	31/08/2025	200,000	-	-	200,000	200,000
03/09/2020	03/09/2025	100,000	-	-	100,000	Nil[1]

Note[1]: The 100,000 options have been assumed to vest quarterly for accounting and reporting purposes but exercisable upon an IPO or a change in control.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 judgments 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 financial statements within the next financial year are discussed below:

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 in Note 16 of the latest audited financial statements.

Warrants

The Company has issued 210,000 non-brokered share purchase warrants (with exercise price of $3.50 (US$ denominated)) subsequent to the period end (August 24, 2021). The Company measures the cost of the warrants by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The fair value of the warrants will be reported in subsequent reports.

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.

ADOPTION OF NEW ACCOUNTING STANDARDS & OTHER PROPOSED FUTURE ACCOUNTING CHANGES

New standards, amendments and interpretations not yet effective

IFRS 17, Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts and requires that liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts.

IFRS 17 supersedes IFRS 4, Insurance Contracts, and related interpretations, and is effective for reporting periods beginning on or after January 1, 2021.

The Company does not anticipate that the application of IFRS 17 in the future will have a material impact on the amounts reported and disclosures made in the Company's financial statements.

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.

CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (Continued)

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.

Market Risk (Continued)

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 UK, Europe, CFA zone and Nigeria, and purchases goods and services denominated in UK Pounds, Euro, US dollars, West African Francs (XOF) and Nigerian Naira. 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

The Company does not have any financial instruments subject to interest rate risk at the date of reporting.

Equity price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company has no equity holdings and is therefore not exposed to this risk.

Commodity price risk

Commodity price risk is the uncertainty associated with the valuation of assets arising from changes in price of commodities.

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.

CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (Cntinued)

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.

RISK FACTORS

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

Additional Financing Requirements

The Company will require additional financing in order to continue the development of its 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.

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

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 or any other minerals above those previously identified. Even if commercial quantities of gold or other minerals are discovered, economic recovery is dependent upon a number of factors, including the particular attributes of the deposit, such as terrain, recovery and grade, products prices and government regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of these factors are beyond the control of the Company.

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

Political Risks

The Company strives to minimize political risk by monitoring events in countries where it operates or where it considers operating, and by complying with local laws and regulations. The Company operates and conducts exploration activities in countries which have experienced civil unrest and/or civil warfare in recent years. It attempts to minimize the risks inherent in conducting operations and exploration in frontier areas by monitoring local conditions and avoiding high risk areas.

RISK FACTORS (Continued)

Security Risks

The Company's assets are located in countries having registered recent security issues in relation to mining companies including attacks on convoys, attacks on operation sites. There are reported cases of raids by terrorists and militants within Mali, Burkina Faso and Nigeria. Moreover, and typical to gold projects, many artisanal miners carry mining activities on areas falling within the Company's concessions and area of interest. The Company works in collaboration with local partners to gather intelligence on security and security threats prevention. Though there have been no record of attacks or threats against the Company's employees, consultants and assets, security concerns may lead to increases in operating costs and cause serious disruptions to business.

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. Moreover, artisanal mining is a regular feature of gold projects, estimating quantity mined by artisanal miners can be very approximate. In addition, the quantity of reserves or resources may vary depending on gold and other mineral 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.

Operating History

The Company has not had previous exposure to large scale exploration work, development and opearation 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. The Company has engaged reputable professionals as directors, management and consultants to mitigate those risks.

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 licences may be revoked by the applicable government authorities for failure to perform the obligations thereunder. Licences must be renewed periodically. The renewal process involves a review of the licence 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.

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.

RISK FACTORS (Continued)

Profitability may be affected by fluctuations in 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.

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

The concessions comprising the Company's projects are located in Burkina Faso, Mali and Nigeria, 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 on by the Company in respect of its projects will be subject to government legislation, policies and controls relating to prospecting, development, production, importing and exporting of minerals, concession tenure, exchange controls, mining taxes, labour standards and environmental protection. There can be no assurance that such legislation, policies and controls will not have a material adverse effect on the business, operations and affairs of the Company.

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

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.

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.

RISK FACTORS (Continued)

Key Executives

The Company is dependent on the services of key consultants and 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.

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.

OUTSTANDING COMMON SHARE DATA

Movement on common shares and stock options have been reported under *"Capital Resources and Liquidity"* section of this MD&A. The founding shareholder subscribed for one common share at an issue price and consideration of $1 upon incorporation of the Company on May 28, 2019. During the current period 6,049,999 common shares have been issued to various parties (for total consideration of $6,049,999) including 2,750,000 to the founding shareholder (Brian Kiernan) and 2,500,000 to Panthera Resources Plc., the two controlling persons owning respectively 45.5% and 41.3% interest in the Company as at the December 31,2020. There were a total of 6,050,000 issued and outstanding common shares as at December 31, 2020.

During the year, the Company issued 800,000 stock options, with an exercise price of $1 per option, out of which 700,000 vested immediately (see note *Capital Resources and Liquidity*). Following the period end the Company issued 200,000 (with an exercise price of $1 per option) which vested immediately. Following the end of the reporting period, Brian Kiernan exercised all his 600,000 stock options, and as at the date of publication of this report, 400,000 options were outstanding, out of which 300,000 have fully vested.

Following the year end, 500,000 additional common shares were issued to Panthera Resources Plc as part consideration for the Kalaka project, for a deemed consideration of $500,000. Brian Kiernan exercised all his 600,000 US$1 share options for 600,000 common shares in the Company. As at the date of issue of this report, the Company has a total of 7,150,000 issued and outstanding common shares.

Furthermore, on August 24, 2021, the Company issued 70,000 share purchase warrants with an expiry date of December 31, 2021 (if not exercised) amd an exercise price of $3.50 per warrant to each of its following 3 shareholders: Brian Kiernan, Panthera Resources Plc., and Jean-Raymond Boulle (through his holding – Spirit Resources SARL). The warramts expired unexecised on December 31, 2021.

RELATED PARTY TRANSACTIONS

The Company provided the following compensation to related parties:

	Year ended December 31, 2020	Period from May 28, to December 31, 2019
	$	$
Minerex Limited[1]	**155,729**	134,021
Fasken Martineau LLP[2]	**136,121**	105,275
Brian Kiernan – Directors' Fees	**47,247**	66,148
James Hannon - CFO	**133,387**	-
Share based compensation - Directors and Officers	**532,281**	-

[1]Minerex Limited is a company registered in Ireland providing management services to Moydow and where Brian Kiernan, a Director of the Company, is also a director and the controlling shareholder.

[2]Fasken Martineau LLP is a law firm in the United Kingdom where Al Gourley, a Director of the Company, is also the Regional Managing Partner. Fasken Martineau LLP provides professional and consultancy advice to the Company.

EVENTS AFTER THE REPORTING PERIOD

There has been no material event since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 December 2020, except the following:

(i) On March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. This event is a significant event considering the spread of virus all over the world and the situation of lock-down around the world. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies. COVID-19 has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted.

As at the date of approval of these financial statements, the COVID-19 crisis is still unfolding globally, and there will be some uncertainty remaining around the accurate assessment of the full impact of COVID-19 crisis or any prediction regarding the future course of events that would arise due to the COVID-19 crisis. Management has made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these financial statements and confirm that they have not identified events or conditions that may cast doubt on the Company's ability to continue as a going concern.

EVENTS AFTER THE REPORTING PERIOD (Continued)

(ii) During the first quarter of 2021, Panthera Resources Plc (PAT) transferred 100% of its holding in Panthera Mali Resources Sarl (PMR) to the Company. Moydow issued 500,000 common shares valued at $500,000 and paid $ 110,000 cash as consideration. PMR holds 80% interest in the Kalaka exploration licence, located 260Km South East of Bamako, Mali, under a joint venture agreement (the "Kalaka JV") with a local participant (the "Local Participant"). Pursuant to the Kalaka JV, PMR has an obligation spend approximately USD 312,000 in the Kalaka project by 31 December 2021 and a further USD 300,000 by June 2022.

Moreover pursuant to the Kalaka JV, PMR is obligated to pay $80,000 in cash to Local Participant on or before 31 December 2021, or procure the allotment and issue to Local Participant, credited as fully paid, such number of shares in Moydow equivalent to $80,000. Local Participant is also entitled to a gross royalty capped at USD 3,000,000 in total.

(iii) On August 25, 2021, as disclosed under note 22 of the audited financial statements, definitive agreements have been signed for the following transaction which is subject to approvals of the TSX Venture and shareholders of the acquiring company. The transaction is expected to close in the first quarter of 2022.

The transaction ("Transaction") involves a combined restructuring of Moydow's shareholdings and a securities exchange by the current security holders of Moydow other than Panthera Resources Plc. (PAT), at the ratio of 16.46 DFR common shares for each Moydow common share (the "Exchange Ratio") and 8.93 DFR shares for each Moydow share option, so that DFR shall issue in aggregate 71,880,320 common shares to the current security holders of Moydow as consideration for its stake in the Moydow's portfolio.

Moreover, Moydow has issued 210,000 share purchase warrants ("Moydow Warrants") to three Moydow shareholders (namely Brian Kiernan, Spirit and Pantherea Resources Plc, each owning 70,000 Moydow Warrants), which if exercised (before December 31, 2021), will convert into 3,456,600 common shares of DFR. The warrants were not exercised prior to December 31, 2021, as such they have expired.

Following the Transaction, DFR will acquire:

- 80% interest in Moydow, which owns an option (until May 27, 2024) to acquire 100% of the Labola (Wuo Land) licence against further payment of US$ 1 million.

  At closing of the Transaction, DFR will be vested with an 80% effective interest in the project with Panthera Resources Plc ("PAT") holding a 20% carried interest. DFR will maintain its 80% interest on the condition that it invests US$18.0m in the Labola project by September 30, 2026. If DFR were to make no investments in Labola during the specified period, subject to the exercise by PAT of its buy back right (described below), its interest would decrease to no less than 60%. PAT shall have the right to acquire an additional 10% holding in Labola on the earlier of (i) 90 days following DFR completing an investment of $18m in Labola; or (ii) 30 September 2026, by making a payment to DFR of up to $7.2m, to be adjusted down based on DFR's actual investment in the Labola project during the specified period.

- 40% indirect interest in the Kalaka (Mali) licence which is intended to be operated by PAT which also holds 40% interest and the remaining 20% interest is held by a local company.

EVENTS AFTER THE REPORTING PERIOD (Continued)

- 10% indirect interest in Gurara Holdings Limited which owns 99.99% interest in three Nigerian companies each holding exploration licences, with PAT owning equally a 10% indirect interest. Moydow has the option (against certain payments) to jointly (together with PAT) own 65% of the Nigeria licences. Moydow completed an aggregate investment of over $1 milllion in the Nigeria licences following the period and enabling it to earn the Forst Option, equivalent to an interest of 51%, and as such increased DFR's entitlement to 25.5%..

Change of Control

Pursuant to the Transaction and the share exchange agreements between DFR and Brian Kiernan and, DFR and all other shareholders other than PAT, and further restructuring of the share capital of Moydow, DFR shall become the controlling shareholder of the Company with an 80% interest in the Company with PAT owning the remaining 20% interest. DFR will retain its 80% interest subject to incurring $18m qualifying expenditures on the Labola project before September 30, 2026. Upon DFR satisfying the $18m qualifying expenditure, PAT shall have the right to earn back 10% interest against a payment of $7.2m to DFR. If DFR does not complete the required $18m spending before September 30, 2026, its interest shall be adjusted but shall not fall below 60%.

Moreover, concurrent to closing of the Transaction, the mineral rights of the Company outside Burkina Faso will be transferred into a new holding (Maniger Limited), to be held equally by DFR and PAT. Maniger shall thus hold 100% interest in Panthera Mali Resources SARL (which holds 80% of the Kalaka licence through a joint venture agreement) and 51% of Gurara Holdings Ltd. (which holds mineral rights in Nigeria), with an option to own 65% in Gurara Holdings ltd. against incurring aggregate qualifying expenditures of $2,000,000. Though each of DFR and PAT will have equal equity interest in Maniger Limited, PAT will assume operatorship, thus have control over the decision making process.

(iv) On October 25, 2021, the Company announced, through Diamond Fields Resources Inc. (DFR), a maiden NI 43-101 Mineral Resource for its Labola project (see DFR announcement) 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 mineral resource estimate Project has been prepared by Mr. Ivor W.O. Jones, M.Sc., FAusIMM, P.Geo, of Aurum Consulting, who is an independent Qualified person (QP) under NI 43-101 guidelines. The maiden Mineral Resource and its preparation will be detailed in a technical report prepared in accordance with NI 43-101 to be filed on SEDAR within 45 days of the DFR press release.

The Mineral Resource was estimated using ordinary kriging methodologies, standard estimation practices and constrained by an open-pit evaluation based on a US$1,900 per ounce gold price and reported using a cut-off grade of 0.5 grams of gold per tonne ("g/t Au").

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

EVENTS AFTER THE REPORTING PERIOD (Continued)

(v). In accordance with the provisions of the JVA referred to under heading *Review of Operations*, sub-heding *Other projects – Nigeria,* the Company has contributed additional considerations to increase its interests in Gurara Holdings Limited. After the end of the reporting period, the Company's aggregate funding in Gurara Holdings Limited has reached USD 1,000,000, as such it has earned the First Option as provided under the JVA and holds 51% participating interest Gurara and its subsidiaries.

(vi). On March 11, 2022, DFR announced that Moydow has entered an agreement to acquire an option over an exploration license ("Wuo Land 2") contiguous to the existing Labola license area. The Wuo Land 2 agreement allows the Company to have control of a full 30km strike length of identified mineralization surrounding Moydow's original Labola Project extending the footprint of the Labola Project by an additional 243km2.

The Wuo Land 2 Option is exclusive and can be exercised through the payment of USD 500,000 with the license holder retaining a net smelter royalty of 1% on all gold produced up to a total aggregate payment of USD 2,000,000. The USD 500,000 is payable in tranches with US$200,000 due upon all the requirements of an escrow agreement to hold the Wuo Land 2 license being satisfied (the "Wuo Land 2 Closing Date"), USD 150,000 within 12 months of the Wuo Land 2 Closing Date and USD 150,000 within 18 months of the Wuo Land 2 Closing Date.

PROPOSED TRANSACTIONS

The Company continues to review and assess projects which, if deemed suitable, will be pursued by the Company. As such, management may engage in discussions which involve potential investments, financing and related activities with different parties. As at the date of this MD&A, other than as disclosed elsewhere in this MD&A (see *Events After the Reporting Period*), there is no other material undisclosed proposed transaction.

Schedule H – Moydow Unaudited Interim Consolidated Financial Statements for the nine-months period ended September 30, 2021



MOYDOW HOLDINGS LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTHS PERIOD ENDED

30 SEPTEMBER 2021

MOYDOW HOLDINGS LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021

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CORPORATE INFORMATION

Directors:	**Date of appointment**	**Date of resignation**
Brian Patrick Kiernan	28 May 2019	-
Albert Carlisle Gourley	28 May 2019	-
Mark Graham Bolton	31 August 2020	-

Registered Agent:

SHRM Trustees (BVI) Limited
Trinity Chambers
P.O. Box 4301
Road Town, Tortola
British Virgin Islands

Registered office:

C/o SHRM Trustees (BVI) Limited
Trinity Chambers
P.O. Box 4301
Road Town, Tortola
British Virgin Islands

Banker:

Ibanq
119 Marylebone Road
London NW1 5PU
United Kingdom

Auditors:

Davidson & Company LLP
1200 – 609 Granville Street
P.O. Box 10372
Pacific Centre
Vancouver, B.C
Canada V7Y IG6

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021 have been prepared by management who, when necessary, has 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 unaudited interim 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, and that the accounting records provide a solid foundation from which to prepare the unaudited interim consolidated financial statements.

The Board of directors has the responsibility of the unaudited interim consolidated financial statements. The Board of directors approves the unaudited interim consolidated financial statements.

Date: April 29, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

	Notes	(Unaudited) 30 September 2021 USD	(Unaudited) 31 December 2020 USD
ASSETS			
Non-current assets			
Property, plant and equipment	9	**42,986**	**-**
Exploration and evaluation assets	10	**3,400,000**	**2,790,000**
Investments in associate	12	**90,234**	**92,814**
Deferred acquisition cost	13	**648,593**	**535,752**
Total non-current assets		**4,181,813**	**3,418,566**
Current assets			
Inventories	14	**5,696**	**-**
Prepaid expense	15	**-**	**500,000**
Cash and cash equivalents	16	**368,895**	**1,191,336**
Total current assets		**374,591**	**1,691,336**
Total assets		**4,556,404**	**5,109,902**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**6,984,550**	**6,050,000**
Warrants reserve	18	**1,050**	**-**
Share-based option reserve	19	**530,598**	**532,281**
Revenue deficits		**(3,828,880)**	**(1,666,164)**
Foreign currency translation reserve		**7,353**	**-**
Shareholders' interests		**3,694,671**	**4,916,117**
LIABILITIES			
Current liabilities			
Trade and other payables	20	**645,956**	**142,181**
Borrowings	21	**105,777**	**51,604**
Deferred consideration	23	**110,000**	**-**
Total liabilities		**861,733**	**193,785**
Total equity and liabilities		**4,556,404**	**5,109,902**

Events after the reporting period (Note 27)

"Brian Kiernan"
Director

"Albert C Gourley"
Director

The notes on pages 8 to 48 form an integral part of these unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021

		(Unaudited)		(Unaudited)	
		Three-months period ended		Nine-months period ended	
Continuing operations	Notes	30 September 2021 USD	30 September 2020 USD	30 September 2021 USD	30 September 2020 USD
Other income					
Gain on settlement of debt	17	-	-	-	111,187
Exploration and evaluation expenditures	10(c)	(496,260)	(40,519)	(1,605,080)	(72,374)
Administrative expenses					
Directors' fees		-	-	-	(47,247)
Share purchase warrants	18	(1,050)	-	(1,050)	-
Share-based compensation	19	(11,655)	(520,625)	(182,867)	(520,625)
Legal fees		(65,619)	(80,310)	(131,554)	(131,099)
Management service agreement		(45,000)	(15,000)	(135,000)	(110,729)
Other administrative and general expenses		(13,390)	(110,934)	(68,088)	(158,201)
		(136,714)	(726,869)	(518,559)	(967,901)
Finance (cost)/income					
Foreign exchange (loss)/gain		(29,442)	671	(27,217)	2,538
Share of loss of associate	12	(1,968)	-	(2,580)	-
Loss for the period		(664,384)	(766,717)	(2,153,436)	(926,550)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation difference		7,353	-	7,353	-
Other comprehensive income for the period		7,353	-	7,353	-
Total comprehensive loss for the period		(657,031)	(766,717)	(2,146,083)	(926,550)

The notes on pages 8 to 48 form an integral part of these unaudited interim consolidated financial statements.

MOYDOW HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021

	Notes	Share capital	Warrants reserve	Share based option reserve	Revenue deficits	Foreign currency translation reserve	Total equity
		USD	USD	USD	USD	USD	USD
At 01 January 2021		-	-	-	-	-	-
At January 1, 2021		6,050,000	-	532,281	(1,666,164)	-	4,916,117
Adjustment on first time consolidation					(9,280)		(9,280)
Issue of shares to Panthera Resources Plc	17	500,000	-	-	-	-	500,000
Exercise of options	17	250,000	-	-	-	-	250,000
Grant of share purchase warrants	18	-	1,050	-	-	-	1,050
Fair value adjustment on exercise of option	17/19	184,550	-	(184,550)	-	-	-
Share-based compensation	19	-	-	182,867	-	-	182,867
Loss for the period		-	-	-	(2,153,436)	-	(2,153,436)
Other comprehensive income for the period		-	-	-	-	7,353	7,353
At 30 September 2021		**6,984,550**	**1,050**	**530,598**	**(3,828,880)**	**7,353**	**3,694,671**

The notes on pages 8 to 48 form an integral part of these unaudited interim consolidated financial statements.

MOYDOW HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021

	Notes	Share capital	Share based option reserve	Revenue deficits	Total equity
		USD	USD	USD	USD
At 01 January 2020		**1**	**-**	**(406,141)**	**(406,140)**
Issue of shares	17	5,049,999	-	-	5,049,999
Share-based compensation	19	-	520,625	-	520,625
Loss for the period		-	-	(926,550)	(926,550)
At 30 September 2020		**5,050,000**	**520,625**	**(1,332,691)**	**4,237,934**
Issue of shares		1,000,000	-	-	1,000,000
Share-based compensation		-	11,656	-	11,656
Loss for the period		-	-	(333,473)	(333,473)
At 31 December 2020		**6,050,000**	**532,281**	**(1,666,164)**	**4,916,117**

The notes on pages 8 to 48 form an integral part of these unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021

	Notes	(Unaudited) Nine-months period ended 30 September 2021 USD	30 September 2020 USD
Cash flows from operating activities			
Loss for the period		**(2,153,436)**	**(926,550)**
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	9	**2,193**	**-**
Share of loss of associate	12	**2,580**	**-**
Share purchase warrants	18	**1,050**	**-**
Unrealised foreign exchange movement		**2,605**	**-**
Gain on settlement of debt		**-**	**(111,187)**
Share-based compensation	19	**182,867**	**520,625**
Movements in working capital			
Increase in inventories		**(5,696)**	**-**
Decrease in prepaid expense		**500,000**	**-**
Increase in trade and other payables		**501,848**	**102,631**
Net cash used operating activities		**(965,989)**	**(414,481)**
Cash flows from investing activities			
Exploration and evaluation assets	10	**-**	**(290,000)**
Addition to property, plant and equipment	9	**(45,179)**	**-**
Addition to deferred acquisition cost	13	**(112,841)**	**(492,914)**
Net cash used in investing activities		**(158,020)**	**(782,914)**
Cash flows from financing activities			
Proceeds from issue of shares	17(4)	**-**	**1,000,000**
Net proceeds from borrowings		**304,173**	**997,395**
Net cash generated from financing activities		**304,173**	**1,997,395**
Net (decrease)/increase in cash and cash equivalents		**(819,836)**	**800,000**
Effect of exchange rate changes on cash and cash equivalents		**(2,605)**	**-**
Cash and cash equivalents at the beginning of the period		**1,191,336**	**-**
Cash and cash equivalents at end of period	16	**368,895**	**800,000**

Supplemental disclosure with respect to cash flows (Note 16)

1. GENERAL INFORMATION

Moydow Holdings Limited ("Moydow" or the "Company" and together with its subsidiaries, the "Group") was incorporated on the 28 May 2019 in the British Virgin Islands as a private company limited by shares under the BVI Business Companies Act 2004. The Company is domiciled in the British Virgin Islands and is regulated by the BVI Registrar of Corporate Affairs. The Company's registered office is at C/o SHRM Trustees (BVI) Limited, Trinity Chambers, P.O. Box 4301, Road Town, Tortola, British Virgin Islands.

The principal activity of the Group is gold exploration with interests in West Africa, namely in Burkina Faso, Mali and Nigeria.

2. NATURE AND CONTINUANCE OF OPERATIONS

These unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021 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. As at 30 September 2021, the Group had revenue deficits of USD 3,828,880 (31 December 2020: the Company: USD 1,666,164) and it had a working capital deficiency of USD 487,142 and it incurred a net loss of USD 2,153,436 during the period then ended (30 September 2020: the Company: USD 926,550).

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Group's business or ability to raise funds. To date, the Company has financed its activities through the issuance of equity securities and debt financing, primarily from its significant shareholders. 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 there is no assurance that the Company will be successful in these actions, these unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021 do not give effect to potentially material adjustments that would be necessary should the Company be unable to continue as a going concern.

Subsequent to the period end, the Company has made necessary financing arrangements to ensure that the Company continues as a going concern. Management believes that the funding will be sufficient to carry out operations over the next 12 months.

3. STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements 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 interim consolidated financial statements have been prepared using the same accounting policies as the audited financial statements for the year ended 31 December 2020 and should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

The Group was effectively constituted during the first quarter of 2021 when the Company incorporated three subsidiaries and completed the acquisition of Panthera Mali Resources SARL, in accordance with the Asset Purchase Agreement (refer to note 8(a)). As a result, the unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021 include the consolidated financial statements of the parent company and its subsidiary companies (the Group). The comparative figures represent the separate financial statements of the parent company (the Company) for the periods ended 30 September 2020 and year ended 31 December 2020. Hence, the comparative figures for statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related notes, for that period are not comparable with the current period results. Refer to note 28 for further details.

These unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021 were authorized for issue by the Board of directors on April 29, 2022.

4. BASIS OF MEASUREMENT

The unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021 have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which have been measured at fair value, and other relevant financial assets and financial liabilities which have been stated at amortised cost. In addition, these unaudited interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Where necessary, comparative figures have been amended to conform to changes in presentation in the current year. The unaudited interim consolidated financial statements are presented in United States Dollars ("USD") which is the Company's functional and presentation currency 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 the unaudited interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's significant accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited interim consolidated financial statements are disclosed in note 6.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021, unless otherwise indicated.

(a) Property, plant and equipment

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

The annual rates of depreciation are as follows:

Items	Rates
Fixtures and fittings	15%
Exploration equipment	15%

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

(b) Subsidiaries

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

Name	Country of incorporation	Class of shares	Ownership interest
Moydow BF Ltd.	British Virgin Islands	Common	100%
Moydow Burkina Faso SARL	Burkina Faso	Common	100%
Moydow M Ltd.	British Virgin Islands	Common	100%
Moydow Services Ltd.	United Kingdom	Common	100%
Panthera Mali Resources SARL	Mali	Common	100%

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries (Cont'd)

(i) Consolidated financial statements

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair value on acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inter-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. The accounting policies of subsidiary companies have been amended where necessary to ensure consistency with the policies adopted by the Group.

Foreign subsidiaries

On consolidation, the assets and liabilities of the Group's overseas entities are translated at exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences, if any, are classified as other comprehensive income. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates.

Transactions with non-controlling interests

The Group accounts for transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiary companies

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts 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. Amounts previously recognised in other comprehensive income are reclassified to profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries (Cont'd)

(ii) Asset acquisition

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Group to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - Business Combinations. The Group determined that Panthera Mali Resources SARL ("PMR") (note 23) did not meet the criteria for a business based on the indicators outlined by IFRS 3. As such, the Group determined that the acquisition of PMR was not a business combination and accordingly it was accounted for as an asset acquisition. A relative fair value approach was taken for allocating the consideration to the acquired assets and liabilities.

(c) Investments in associates

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 associate are accounted for using the equity method. Investments in associate 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.

(d) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of the Group's entities are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the unaudited interim consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars ("USD"), which is the functional currency of the Company, and the presentation currency for the unaudited interim consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign currencies (Cont'd)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/ (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency 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 representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

All values are rounded to the nearest United States Dollar, except when otherwise indicated.

(e) Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Restoration, Rehabilitation and Environmental Obligations (cont'd)

The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on a first-in, first-out basis.

(g) Cash and cash equivalents

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

(h) Financial instruments

Financial Assets

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

(i) Amortized cost

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair value through other comprehensive income

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

(iii) Fair value through profit or loss

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (Cont'd)

Impairment of Financial Assets

The Group 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 Group 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 Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group has the following financial liabilities: trade payables, accrued liabilities and borrowings. Trade payables, accrued liabilities and borrowings 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 Group may issue share purchase warrants and conversion options on convertible debentures or as part of units that have an exercise price denominated in a currency that is different to the functional currency of the Company, thus causing them to be classified as derivative liabilities. These instruments are measured at fair value through profit or loss through the application of an appropriate valuation model.

(i) Mineral properties

Exploration and Evaluation assets ("E&E") represent payment for a separately acquired option to obtain legal rights to explore, and hence, are capitalised as they are incurred. The Company's properties are all currently in the Exploration and Evaluation stage. 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.

(j) Impairment of Non-Financial Assets

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Non-Financial Assets (Cont'd)

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.

(k) Share-based compensation

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

The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of profit or loss and other comprehensive income over the remaining vesting period.

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

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

Equity-settled share-based compensation are reflected in share-based option reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based option reserve 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 Group 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.

(l) 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income taxes (Cont'd)

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 Group reassesses unrecognized deferred tax assets. The Group 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.

(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) Earnings/(Loss) per Share

Basic earnings/(loss) per share ("EPS") is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be antidilutive.

(o) Asset acquisitions

In October 2018, the IASB issued amendments to IFRS 3 'Business Combinations'. The amendments further clarify the definition of a business and add an optional 'concentration test' 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. These amendments are mandatory from 2020. The amendments are particularly relevant for the acquisitions carried out by the Group, since the value in the acquired companies often largely consists of the rights to a single asset.

Note 23 has been named as 'Asset acquisition' to include transactions accounted for as asset acquisitions only. Asset acquisitions are acquisitions of legal entities that do not qualify as business combinations under IFRS 3. Cash consideration paid for asset acquisitions at the transaction date and subsequent additional contingent payments made upon the achievement of performance-related development milestones are presented as 'Asset acquisitions' as disclosed in Note 23.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Asset acquisitions (Cont'd)

Subsequent consideration for performance-related development milestones for transactions treated as asset acquisitions is recognised as intangible assets when the specific milestones have been achieved.

Under the asset acquisition accounting, the purchase price of asset acquisitions is allocated to the assets acquired on a relative fair value basis among the assets and no goodwill or bargain purchase is recognised. Furthermore, transaction costs are capitalised as part of the purchase price and the Group is exempted to recognise deferred tax arising due to differences from original carrying amounts.

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

In the current year, the Group has applied all of the 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 1 January 2021.

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 1 January 2021 and the Group considers that their application does not have any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

- Covid-19-related Rent Concessions – Amendments to IFRS 16
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021 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 interim consolidated financial statements for the nine-months period ended 30 September 2021 within the next financial year are discussed below:

(i) Share-based compensation transactions

The Group 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 19.

(ii) Warrants

The Company has determined that its functional currency is the US dollar and may issue non-broker warrants. The Group measures the cost of the warrant by reference to the fair value of the instruments at the date at which they are granted. Warrants classified as equity instruments are not subsequently re-measured (i.e., subsequent changes in fair value are not recognized). Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them.

(iii) Title to mineral property interests

Although the Group has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Group's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(iv) Impairment of investment in associate

Investment in associate is assessed for indicators of impairment at the end of each reporting date. Investment in associate is impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Determining whether investment in associate is impaired requires an estimation of the recoverable amount of the investment. The directors have evaluated the recoverability of the investment based on their estimates of the recoverable amount and are confident that the allowance for impairment, where necessary, is adequate. The carrying amount of investment in associate at the end of the reporting date are disclosed in note 12 to the unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021.

7. FINANCIAL RISK MANAGEMENT

7.1 Financial risk factors

Overview

The Group's activities expose it to the following financial risks:

(a) Market risk (including currency risk, cash flow interest risk, fair value interest-rate risk and price risk);
(b) Liquidity risk; and
(c) Credit risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of its financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group operates in a global environment and is therefore exposed to foreign exchange risk primarily with respect to the Great Britain Pound (GBP), the Australian Dollar (AUD), the Euro (EUR), and the West African Franc (XOF). The Group manages its foreign exchange exposures by maximising its reserves in foreign currencies to naturally hedge the exchange rate risks.

Currency profile

The currency profile of the Group's and the Company's financial assets and liabilities are disclosed below. The amounts shown are those reported to key management translated into USD at the closing rate:

	30 September 2021		31 December 2020	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
	USD	**USD**	**USD**	**USD**
United States Dollar (USD)	**260,805**	**799,108**	**1,063,193**	**188,284**
Great Britain Pound (GBP)	**95,662**	**13,471**	**128,143**	**890**
Australian Dollar (AUD)	**-**	**5,156**	**-**	**2,227**
Euro (EUR)	**1,134**	**1,461**	**-**	**2,384**
West African Franc (XOF)	**11,294**	**42,537**	**-**	**-**
	368,895	**861,733**	**1,191,336**	**193,785**

7. FINANCIAL RISK MANAGEMENT (CONT'D)

7.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Currency profile (Cont'd)

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% (decrease)/increase in the exchange rate of the foreign currencies against the USD, with all other variables held constant. A positive number below indicates an increase in profit and an increase in equity where the foreign currencies weaken 5% against USD mainly as a result of foreign exchange gains/losses on translation of GBP, AUD, EUR and XOF denominated payables and bank balance. For a 5% strengthening of the foreign currencies against the relevant currency, there would be an equal and opposite impact on loss and equity.

	30 September 2021 USD	31 December 2020 USD
Impact on loss/equity (+/-)		
Great Britain Pound (GBP)	**4,110**	**6,363**
Australian Dollar (AUD)	**(258)**	**(111)**
Euro (EUR)	**(16)**	**(119)**
West African Franc (XOF)	**(1,562)**	**-**
At 30 September,	**2,274**	**6,133**

(ii) Cash flow interest risk and fair value interest-rate risk

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Group interest-rate risk arises from loans. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

At the end of the reporting period, the Group had no significant interest-bearing borrowings outstanding.

(iii) Price risk

Equity price risk is the risk that the fair value of equity instruments will fluctuate because of changes in equity market prices. The Group is not exposed to equity price risk as the Group 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.

7. FINANCIAL RISK MANAGEMENT (CONT'D)

7.1 Financial risk factors (Cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

Ultimate responsibility for liquidity risk management rests with the Board of directors who also monitors the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by ensuring timely recovery of receivables and also by securing credit facilities from financial institutions and its shareholders.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year	1-5 years	Above 5 years	Total
	USD	USD	USD	USD
30 September 2021				
Trade and other payables	**645,956**	**-**	**-**	**645,956**
Borrowings	**105,777**	**-**	**-**	**105,777**
Deferred consideration	**110,000**	**-**	**-**	**110,000**
	861,733	**-**	**-**	**861,733**

	Less than 1 year	1-5 years	Above 5 years	Total
	USD	USD	USD	USD
31 December 2020				
Trade and other payables	**142,181**	**-**	**-**	**142,181**
Borrowings	**51,604**	**-**	**-**	**51,604**
	193,785	**-**	**-**	**193,785**

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Normally, credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI), at fair value through profit or loss (FVTPL), deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Credit risk is managed on a company-to-company basis. For banks and financial institutions, only independently rated parties are accepted. Credit risk is considered minimal as the Group transacts only with reputable institutions in the banking industry. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by line management.

7. FINANCIAL RISK MANAGEMENT (CONT'D)

7.2 Financial instruments by category

The carrying amounts of other receivables, financial assets at amortised cost, cash and cash equivalents, borrowings and trade and other payables approximate their fair values, due to their relatively short-term maturities.

	30 September 2021 USD	31 December 2020 USD
Assets as per the statement of financial position		
Financial assets at amortised cost		
Cash and cash equivalents	**368,895**	**1,191,336**
	368,895	**1,191,336**
Liabilities as per the statement of financial position		
Financial liabilities at amortised cost		
Trade and other payables	**645,956**	**142,181**
Borrowings	**105,777**	**51,604**
Financial liabilities at fair value		
Deferred consideration	**110,000**	**-**
	861,733	**193,785**

7.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified either as financial assets at fair value through other comprehensive income or as financial assets at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques such as capitalised earnings method, dividend yield method, discounted cash flow and net asset basis are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

7. FINANCIAL RISK MANAGEMENT (CONT'D)

7.3 Fair value estimation (Cont'd)

At 30 September 2021, the levels in the fair value hierarchy into which the Group's and the Company's financial assets and liabilities are measured and recognized on the statement of financial position at fair value on a recurring basis are categorized as follows:

	Category	30 September 2021 USD	31 December 2020 USD
Deferred consideration	3	**110,000**	**-**

During the period ended 30 September 2021 and year ended 31 December 2020, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

7.4 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's and the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt-to-adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, share premium, non-controlling interests, retained earnings and revaluation surplus) other than amounts recognised in equity relating to cash flow hedges, and includes some forms of subordinated debt.

During 2021, the Group's strategy, which was unchanged from 2020, was to maintain the debt-to-capital ratio at the lowest level in order to secure access to finance at a reasonable cost. The debt-to-capital ratios at 30 September 2021 and 2020 were as follows:

		30 September 2021 USD	31 December 2020 USD
Total debts (note 21)		**105,777**	**51,604**
Less: cash in hand and at bank		**(368,895)**	**(1,191,336)**
Net (cash)/debt		**(263,118)**	**(1,139,732)**
Equity		**3,694,671**	**4,916,117**
Debt/equity ratio	%	**N/a**	**N/a**

8. AGREEMENTS

(a) Asset purchase agreement dated 21 July 2020 and related documents

I. With a view of consolidating the Company's existing West African assets, on 21 July 2020, the Company (the "Buyer") entered into an asset purchase agreement (the "Asset Purchase Agreement") with Panthera Resources Plc ("PAT" or the "Seller") and Brian Kiernan for the transfer of:

(i) Panthera's rights under an option agreement dated 27 May 2019 with the option holder in respect of the Labola project in Burkina Faso (the "Labola Option Agreement") (see 8(c) below); and

(ii) All shares which the Seller holds in Panthera Mali Resources SARL ("PMR"). PMR holds the Kalaka project in Mali.

II. As consideration under the Asset Purchase Agreement, the Buyer shall:

(i) on the closing date, allot and issue to the Seller, or such person as the Seller may direct in writing, consideration shares representing 3,000,000 shares as fully paid at a price of USD 1 each at closing (the "Consideration Shares"); and

(ii) pay to the Seller the sum of USD 350,000 (the "Additional Consideration") on the following dates:

- USD 200,000 shall be payable by 30 September 2020; and
- USD 150,000 shall be payable by 31 March 2021.

The Additional Consideration was subsequently cancelled and replaced (see 8 V below).

III. Furthermore, under the terms of the Asset Purchase Agreement, Brian Kiernan shall:

(i) Subscribe for 1,000,000 shares at a subscription price of USD 1 per share payable in cash, on the closing date;

(ii) Subscribe for 500,000 shares at a subscription price of USD 1 per share, which shall be issued fully paid at the closing date in consideration for certain drilling and associated work equivalent to USD 500,000 (the "Kiernan Drilling Shares") to be performed the earlier of: (i) the date of any IPO; or (ii) the date that is one year from the Closing Date and if the Seller so requests the Buyer, the Buyer shall cancel the said shares within 10 Business Days of such request; and

(iii) Be granted an option to subscribe for 500,000 shares in consideration for a sum of USD 500,000 for a period expiring on the earlier of: (i) the date of any IPO; and (ii) 31 December 2021.

Subsequent to the period end, Brian Kiernan paid USD 500,000 to the Company as consideration for the 500,000 shares in lieu of performing drilling and associated work.

IV. On 31 August 2020, the parties to the Asset Purchase Agreement entered into a:

(i) Supplemental Agreement to confirm that Kiernan and Panthera will first surrender any shares to the Company to enable their cancellation pursuant to the purchase agreement; and

(ii) Side letter to extend the deadline for Panthera to satisfy the conditions of Closing in favour of the Company in connection with the Kalaka project ("Kalaka Closing Date"), including amending the issue of the Consideration Shares so that Panthera would be issued 2,500,000 newly issued shares in the Company on the closing date and 500,000 newly issued shares in the Company on the Kalaka Closing Date.

8. AGREEMENTS (CONT'D)

(a) Asset purchase agreement dated 21 July 2020 and subsequent amendments (Cont'd)

V. On 23 November 2020, the parties to the Asset Purchase Agreement entered into an agreement to cancel the Additional Consideration (referred under 8(a)II(ii) above) and replace as follows:

(i) Buyer shall pay USD 290,000 on various dates during the year 2020 in relation to the Labola property;

(ii) Buyer shall pay USD 176,000 by 31 March 2021 for the Kalaka property subject to Seller satisfying all the provisions pursuant to the Purchase Agreement pertaining to the Kalaka property.

(iii) Seller shall use at least USD 66,000 of the payment from Buyer on qualifying expenditures under an exploration programme in relation to the Kalaka property (such programme to be agreed with the Company, acting reasonably).

Following the above Supplemental Agreement and Side letter, both dated 31 August 2020, and the above variation dated 23 November 2020, the final consideration under the Asset Purchase Agreement is as follows:

- With respect to the acquisition of Panthera's rights under an option agreement dated 27 May 2019 with the option holder in respect of the Labola project in Burkina Faso:
  - 2,500,000 common shares in Moydow at a price of USD 1 each; and
  - USD 290,000 payment as Additional Consideration

- With respect to the acquisition of Panthera Mali Resources SARL:
  - 500,000 common shares in Moydow at a price of USD 1 each (issued in 2021); and
  - USD 110,000 payment as Additional Consideration (outstanding as at reporting date)

The consideration pursuant the Asset Purchase Agreement including the issuance 2,500,000 and 500,000 common shares for the acquisition of Labola interest and Kalaka interest have been completed during the previous year and current period respectively, and USD 290,000 cash consideration for the Labola project has been paid. The remaining payment of USD 110,000 pertaining to the Kalaka interest remains payable at the date of this report.

Please refer to note 23 for *Asset Acquisition* disclosure and purchase price allocation.

(b) Exploration Data Purchase Agreement dated 09 October 2020

On 9 October 2020, the Company entered into a purchase agreement with Nord Gold SE ("Nord Gold") in respect of certain exploration data, reports and samples held by Nord Gold pertaining to the Labola property (the "Exploration Data Purchase Agreement"). Pursuant to the Exploration Data Purchase Agreement, Nord Gold shall sell, transfer and assign to the Company exploration data, reports and samples and the Company shall grant Nord Gold 0.5% Net Smelter Return (NSR) royalty capped at USD 3,000,000.

(c) Deed of Novation dated 29 August 2020, and 05 November 2020

On 5 November 2020, the Company entered into an agreement (the "Option Agreement") with PAT and the legal and beneficial holders (the "Licence Holder") of certain prospecting and/or mineral exploration and/or mining rights (the "Property") (together the "Parties") following an initial deed of novation and variation dated 29 August 2020 (in reference to the agreement dated 27 May 2019 (see note 8(a)I(ii)) among the Parties whereby PAT transferred its rights pertaining to the Mineral Rights to the Company. Pursuant to the Option Agreement, the Company:

I. Shall, for a consideration of USD 1,000,000, payable to Licence Holder, on or before 27 May 2024, have the option to acquire 100% right, title and interest in the Property which consist of the WUO Land exploration permit (main tenements) and 2 smaller semi-mechanized exploitation permits in respect of gold in Burkina Faso.

8. AGREEMENTS (CONT'D)

(c) Deed of Novation dated 29 August 2020, and 05 November 2020 (Cont'd)

II. Shall make an additional payment of USD 1,000,000 to the Licence Holder upon the successful definition and reporting of a resource of at least 1,000,000 ounces of gold (under the Joint Ore Reserves Committee Code (the "JORC Code"), the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve); and

III. Shall in addition to the above, pay the Licence Holder a 1% net smelter return royalty (NSR) on all gold produced up to a total payment of USD 2,000,000.

(d) Corporate Joint Venture Agreement

On 20 July 2020, the Company entered into a corporate Joint Venture Agreement (the "JVA") with:

- Gurara Holdings Limited ("Gurara");
- PW Nigeria Mining Limited ("PW Mining"), a company incorporated in Nigeria;
- Zinariya Mining Limited ("PW"), being a company incorporated in the British Virgin Islands;

PW Mining and PW are members of a group of companies of which PW Nigeria Limited ("PW Nigeria"), a company incorporated in Nigeria, is a member (the "PW Group").

In accordance with the terms of the JVA, the entire issued share capital in each of the Nigerian incorporated operating companies being Paimasa Mining Limited, Dagma Mining Limited and Dext Mining Limited (the "Nigerian Operating Companies") are being transferred by PW Nigeria to Gurara Holdings Limited.

The Company has paid the sum of USD 250,000 (the "Initial Payment") in consideration of its 20% shareholding in Gurara and may acquire a further interest in the Gurara by assuming certain funding options.

The terms of the JVA covered inter-alia:

(i) Conditions for the implementation of Work Program and approval of the related Budget;

(ii) PW granting the Company the exclusive right and option to earn up to a 65% interest in Gurara by satisfying within the time limits therefore the following obligations (the "Earn-In Option"):

- Where the Company incur qualifying expenditures in an amount of USD 750,000 (which, together with the Initial Payment, equates to an aggregate funding amount of USD 1,000,000) on or before 20 September 2021 (the "First Option Expiry Date"), it shall have exercised the First Option and would be bestowed a 51% participating interest in Gurara. This milestone was achieved in November 2021.

- Where, following the exercise of the First Option, the Company additional expenditures in an amount of USD 1,000,000 on or before 20 July 2023 (the "Second Option Expiry Date"), it shall have exercised the Second Option and would be bestowed a 65% interest in Gurara.

(iii) Establishing a Joint Funding Period whereby each of the Participants shall be entitled but not obliged to fund Work Programs and Budgets in proportion to their respective Participating Interests. If a Participant elects to participate in a Work Program and Budget in some lesser amount than its respective Proportionate Share or not at all, the Participating Interest shall be subject to dilution such that:

- the Contributing Participant's Participating Interest shall increase by 1% for every USD 75,000 contributed by the Contributing Participant in excess of the amount that the Contributing Participant contributed in respect of its Proportionate Share.

8. AGREEMENTS (CONT'D)

(d) Corporate Joint Venture Agreement (Cont'd)

- the Non-Contributing Participant's Participating Interest shall be diluted to the percentage figure obtained by subtracting the Contributing Participant(s)' Participating Interest(s) as increased pursuant to Section above from 100%.

At 30 September 2021, the Company has incurred an aggregate USD 898,593 in qualifying expenditures on the Nigeria projects (see notes 12 and 13).

(e) Definitive Agreements

On August 25, 2021, the Company announced that it has entered into definitive agreements for the following transaction which is subject to approvals of the TSX Venture Exchange and shareholders of the acquiring company, Diamond Fields Resources Inc. ("DFR"). The transaction is expected to close in the first quarter of 2022.

The transaction ("Transaction") involves a combined restructuring of Moydow's shareholdings and a securities exchange by the current security holders of Moydow other than Panthera Resources Plc. (PAT), at the ratio of 16.46 DFR common shares for each Moydow common share (the "Exchange Ratio") and 8.93 DFR shares for each Moydow share option, so that DFR shall issue in aggregate 71,880,320 common shares to the current security holders of Moydow as consideration for its stake in the Moydow's portfolio.

Moreover, Moydow has issued 210,000 share purchase warrants ("Moydow Warrants") to three Moydow shareholders, which if exercised before 31 December 2021 would convert into 3,456,600 common shares of DFR. The Moydow Warrants have not been exercised.

Following the Transaction, DFR will acquire:

- An 80% interest in Moydow, which owns: an option (until May 27, 2024) to acquire 100% of the Labola (Wuo Land) licence against further payment of USD 1,000,000; and, a further option to acquire 100% of the WUO Land 2 permit against a total consideration of USD 500,000 payable in tranches (as further described under note 27(iii)).

  At closing of the Transaction, DFR will be vested with an 80% effective interest in the project with Panthera Resources Plc ("PAT") holding a 20% carried interest. DFR will maintain its 80% interest on the condition that it invests USD 18,000,000 in the Labola project by September 30, 2026. If DFR were to make no investments in Labola during the specified period, subject to the exercise by PAT of its buy back right (described below), its interest would decrease to no less than 60%. PAT shall have the right to acquire an additional 10% holding in Labola on the earlier of (i) 90 days following DFR completing an investment of USD 18,000,000 in Labola; or (ii) 30 September 2026, by making a payment to DFR of up to USD 7,200,000, to be adjusted down based on DFR's actual investment in the Labola project during the specified period.

- A 40% indirect interest in the Kalaka (Mali) licence which is intended to be operated by PAT which also holds a 40% interest and the remaining 20% interest is held by a local company.

- A 10% indirect interest in 3 Nigeria mining licences owned by 3 different companies, with PAT owning equally a 10% indirect interest, and the option (against certain payments) to jointly (DFR and PAT 50:50) own 65% of the Nigeria licences. It is expected that Moydow completes a total investment of over USD 1,000,000 in the Nigeria licences before the end of 2021, hence will be entitled to a 51% interest in the Nigerian assets, of which DFR will own 25.5% after closing of the Transaction.

8. AGREEMENTS (CONT'D)

(e) Definitive Agreements (Cont'd)

Founder Investments USD 2.75 million (of which USD 2.4 million at DFR holding level)

In connection with the Transaction, Brian Kiernan and Spirit have executed subscription agreements with DFR and otherwise agreed to invest a combined USD 2,750,000 as part of the Transaction ("Founder Investments").

Assuming completion of the Transaction, the Founder Investments and exercise of all Moydow warrants, the current shareholders of DFR will own 57.4% and the Moydow shareholders will own 42.6% of the DFR issued and outstanding common shares.

9. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings	Exploration equipment	Total
	USD	USD	USD
(a) ***Cost***			
At 01 January 2021	-	-	-
Additions	13,311	31,868	45,179
At 30 September 2021	**13,311**	**31,868**	**45,179**
Depreciation			
At 01 January 2021	-	-	-
Charge for the period	998	1,195	2,193
At 30 September 2021	**998**	**1,195**	**2,193**
Net book value at 30 September 2021	**12,313**	**30,673**	**42,986**

(b) Depreciation charge of USD 2,193 has been charged in '*Other administrative and general expenses*'.

10. EXPLORATION AND EVALUATION ASSETS

		Mineral assets *USD*	**Total 30 September 2021 USD**	**Total 31 December 2020 USD**
(a)	***Cost***			
	At 01 January 2021/2020	2,790,000	**2,790,000**	**-**
	By virtue of Purchase Agreement (see note 8(a)): - Acquisition of mining rights - Labola project in Burkina Faso:			
	- Issue of shares	-	**-**	**2,500,000**
	- Cash consideration	-	**-**	**290,000**
	Asset acquisition (note 23)	610,000	**610,000**	**-**
	At 30 September/31 December,	3,400,000	**3,400,000**	**2,790,000**
	Provision for impairment			
	At 01 January 2021/2020	-	**-**	**-**
	Impairment charge for the period	-	**-**	**-**
	At 30 September/31 December,	-	**-**	**-**
	Net book value at 30 September/31 December,	3,400,000	**3,400,000**	**2,790,000**

(b) **Mineral assets**

The allocation of the purchase price is based on the relative fair value of assets acquired and liabilities assumed at the date the Company had effective control over PMR and accounted for the transaction as an asset acquisition. Refer to note 23.

10. EXPLORATION AND EVALUATION ASSETS (CONT'D)

(c) Exploration and evaluation expenditures

Mineral resources acquired are not subject to amortisation until they are included in the life-of-mine plan and production has commenced.

Exploration and Evaluation expenditures immediately expensed to in the statement of profit or loss and other comprehensive income amounted to USD 1,605,080 (30 September 2020: USD 72,374) and were incurred on the following projects:

	Three-months period ended		Nine-months period ended	
	30 September 2021 USD	30 September 2020 USD	30 September 2021 USD	30 September 2020 USD
Labola project (see note (i) below)	**321,299**	**40,519**	**1,365,979**	**72,374**
Kalaka project (see note (ii) below)	**174,961**	**-**	**239,101**	**-**
At 30 September,	**496,260**	**40,519**	**1,605,080**	**72,374**

(i) ***Labola project***

The Labola gold exploration project is in the Banfora greenstone belt of the West African Birimian Supergroup in southwest Burkina Faso. Labola is approximately 450km west-southwest of the capital, Ouagadougou, and 100km northeast of the Wahgnion gold mine, operated by Endeavour Mining.

Moydow entered into an asset purchase agreement with Panthera Resources Plc. ("Panthera"), on 21 July 2020 (the "Asset Purchaser Agreement"), pursuant to which Moydow was granted an exclusive option (the "Labola Option") until 27 May 2024 (novated through a deed of novation among the Company, Panthera and the License holder on 29 August 2020) to purchase 100% of the license holder's interest in the Wuo Land (Labola) exploration license for cash consideration of USD 1,000,000. 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 will retain a 1% net smelter return royalty ("NSR") on all gold produced up to a total aggregate payment of USD 2,000,000.

Moydow paid USD 290,000 and issued 2,500,000 shares valued at USD 2,500,000 to Panthera in consideration for the Labola Option.

(ii) ***Kalaka project***

The Kalaka gold project is located 260km SE of Bamako in South Mali, 80km south of the Morila gold mine owned by Barrick/Anglo Gold and 85km northwest of Syama gold mine owned by Resolute. Pursuant to the Asset Purchase Agreement (see Labola Project above), as amended by the Company and Panthera on 23 November 2020 and certain side letters, Moydow acquired 100% of Panthera's right in Panthera Mali Resources SARL ("PMR"), a Mali company, which owns 80% of the rights in the Kalaka project through a joint venture agreement with a local participant. As consideration for Panthera's rights in the Kalaka Project, Moydow paid USD 110,000 cash and issued 500,000 shares valued at USD 500,000 to Panthera in addition to funding USD 66,000 qualifying expenditures. Pursuant to the Kalaka JVA, PMR has an obligation to pay the Local Participant a fee of USD 80,000 (or equivalent in shares) and incur exploration expenditure of approximately USD 312,000 by December 31, 2021 and a further USD 300,000 by 30 June 2022. The local participant is also entitled to a gross royalty capped at USD 3,000,000 in total.

11. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) The list of the Company's significant subsidiaries is as follows:

Name of company	Class of shares held	Year end	Stated capital	Cost of Investment	Proportion of ownership interest			Country of incorporation and operation	Main business
					Holding company	Subsidiary company	Effective holding		
			USD	USD	%	%	%		
Moydow BF Limited	Ordinary shares	31 December,	1	1	100%	-	100%	British Virgin Islands	Investment holding
Moydow M Limited	Ordinary shares	31 December,	1	1	100%	-	100%	British Virgin Islands	Investment holding
Moydow Services Limited	Ordinary shares	31 December,	2	2	100%	-	100%	United Kingdom	Advisory services
Moydow Burkina Faso SARL	Ordinary shares	31 December,	1,927	1,927	-	100%	100%	Burkina Faso	Exploration
Panthera Mali Resources SARL	Ordinary shares	31 December,	523,669	610,000	100%	-	100%	Mali	Exploration

12. INVESTMENTS IN ASSOCIATE

	30 September 2021 USD	31 December 2020 USD
(a) *At cost - Unquoted*		
At 01 January 2021/2020	**92,814**	**1**
Additions:		
- By virtue of Corporate Joint Venture Agreement (see note 8(d))	**-**	**249,999**
Share of loss of associate	**(2,580)**	**(157,186)**
At 30 September/31 December,	**90,234**	**92,814**

(b) On 28 May 2019, the Company facilitated the incorporation of and temporarily subscribed and paid USD 1 for the initial share issued by Gurara Holdings Limited. According to the provisions of the Corporate Joint Venture Agreement dated 20 July 2020 (see note 8(d) above), the Company is required to contribute additional considerations to increase its interests in Gurara Holdings Limited (the "Earn-In Option"). Accordingly, the Company contributed an additional amount of USD 249,999 and subscribed for 1,999 additional shares out of the 9,999 shares which Gurara Holdings Limited was issuing. Following this last subscription and issue, the Company's stake in Gurara Holdings Limited has reached 20%. In turn, Gurara Holdings Limited holds 99.99% of the ordinary shares of each of the following companies: Dagma Mining Limited, Dext Mining Limited and Paimasa Mining Limited.

Despite the fact that the Company has completed its contractual USD 1,000,000 qualifying expenditures to earn the First Option, the directors, upon recommendation from management, have resolved not to pursue the Second Option and, with exception to statutory payments to keep the licenses in good standing, not to incur further costs on the Nigerian projects.

The Group considers that it does not share joint control of Gurara Holdings Limited. However, as it has significant influence over the investee, the Group accounts for its investment in accordance with International Accounting Standard 28 Investments in Associates and Joint Ventures.

(c) The investment in the associate is accounted for using the equity method.

(d) 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. At the end of the reporting period, the Company's share of loss of the associate amounted to USD 2,580.

The Company does not incur legal or constructive obligation to make payments on behalf of the associate.

12. INVESTMENTS IN ASSOCIATE (CONT'D)

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

Name of company	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			
			USD	USD	%	%	%		
Gurara Holdings Limited	Ordinary shares	31 December,	10,000	250,000	20%	-	20%	British Virgin Islands	Investment holding (mining sector)
Dagma Mining Limited	Ordinary shares	31 December,	25,737	25,737	-	99.99%	19.99%	Republic of Nigeria	Mining
Dext Mining Limited	Ordinary shares	31 December,	25,737	25,737	-	99.99%	19.99%	Republic of Nigeria	Mining
Paimasa Mining Limited	Ordinary shares	30 June,	25,737	25,737	-	99.99%	19.99%	Republic of Nigeria	Mining

(f) Summarised financial information in respect of the material 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
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Gurara Holdings Limited	110,230	-	2,066	-	-	(12,898)	(161)	(13,059)	-

The loss from continuing operations represents essentially E&E expenditures incurred by Gurara Holdings Limited on the following projects:

	30 September 2021	31 December 2020
	USD	USD
Dagma Mining Limited	6,780	328,609
Paimasa Mining Limited	-	454,555
At 30 September/31 December,	6,780	783,164

12. INVESTMENTS IN ASSOCIATE (CONT'D)

(g) Reconciliation of the above summarised financial information to the carrying amount recognised in the unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021:

Name of company	Opening net assets	Net assets on acquisition	Loss from continuing operations	Other comprehensive income for the year	Closing net liabilities	Ownership interest	Interest in associate	Carrying value
	USD	USD	USD	USD	USD	USD	USD	USD
Gurara Holdings Limited	(8,383)	-	(12,898)	(161)	(108,164)	(21,633)	250,000	90,234

13. DEFERRED ACQUISITION COST

	30 September 2021 USD	31 December 2020 USD
At 01 January 2021/2020	**535,752**	**2,525**
- Payment of Expenditures (refer to note (a) below)	**112,841**	**783,226**
Transfer to investments in associate:		
- By virtue of Corporate Joint Venture Agreement (see note 8(d))	**-**	**(249,999)**
At 30 September/31 December,	**648,593**	**535,752**

(a) During the period ended 30 September 2021, the Company contributed additional considerations amounting to USD 112,841 (31 December 2020: USD 783,226) to increase its interests in Gurara Holdings Limited. At the end of the current reporting period, the Company had to contribute a further USD 101,408 (31 December 2020: USD 214,249) to be eligible to exercise the First Option under the Corporate Joint Venture Agreement (refer to note 8(d) above).

After the end of the reporting period, the Company's aggregate funding in Gurara Holdings Limited has reached USD 1,000,000. Thus, it has exercised the First Option provided under the JVA and is holding a 51% participating interest in Gurara Holdings Limited. Zinariya Mining Limited ("PW") has acknowledged the contributions and the additional participating interest was issued and allotted to the Company.

(b) The carrying amounts of the deferred acquisition cost are denominated in USD.

14. INVENTORIES

	30 September 2021 USD	31 December 2020 USD
Fuel	**5,696**	**-**

(a) Inventories have not been pledged as security for the debts of the Company and its subsidiaries. Write downs of inventories for the current period amounts to USD nil (31 December 2020: the Company: USD nil).

(b) Cost of inventories expensed as part of Exploration and Evaluation expenditures amounts to USD 48,022 for the Group (30 September 2020: the Company: USD nil).

15. PREPAID EXPENSE

	30 September 2021 USD	31 December 2020 USD
At 01 January 2021/2020	**500,000**	**-**
Additions:		
- Kiernan Drilling Shares by virtue of the Purchase Agreement (refer to note (a) below)	**-**	**500,000**
Settlement during the period	**(500,000)**	**-**
At 30 September/31 December,	**-**	**500,000**

(a) In accordance with the Asset Purchase Agreement (refer to note 8(a)), as consideration for certain drilling and associated work equivalent to USD 500,000, the Company allotted and issued 500,000 ordinary shares to Brian Kiernan (a substantial shareholder and director). During the current reporting period, Brian Kiernan paid USD 500,000 to the Company as consideration for the 500,000 shares in lieu of performing the drilling and associated work.

16. CASH AND CASH EQUIVALENTS

	30 September 2021 USD	31 December 2020 USD
(a) **Analysis of cash and cash equivalents**		
Bank balance	**368,895**	**1,191,336**
	368,895	**1,191,336**

(b) **Non-cash transactions**

There were not any significant non-cash transactions during the period ended 30 September 2021, except the following:

(i) The Company issued 500,000 common shares for a total amount of USD 500,000 to Panthera Resources Plc as consideration for the acquisition of Panthera Mali Resources SARL. Refer to note 23 for further details.

(ii) The Company issued 250,000 common shares to Brian Kiernan upon the exercise by the latter of 250,000 stock options, settled against USD 250,000 debt the Company previously owed to Brian Kiernan.

16. CASH AND CASH EQUIVALENTS (CONT'D)

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

30 September 2021

	31 December 2020 USD	Cash flows USD	Non-cash changes: Acquisition USD	Non-cash changes: Foreign exchange movement USD	30 September 2021 USD
Liabilities arising from financing activities	51,604	54,173	-	-	105,777
Cash & cash equivalents	(1,191,336)	819,836	-	2,605	(368,895)
Net debt/(cash)	**(1,139,732)**	**874,009**	**-**	**2,605**	**(263,118)**

30 September 2020

	31 December 2019 USD	Cash flows USD	Non-cash changes: Acquisition USD	Non-cash changes: Foreign exchange movement USD	30 September 2020 USD
Liabilities arising from financing activities	165,395	(113,791)	-	-	51,604
Cash & cash equivalents	-	(800,000)	-	-	(800,000)
Net debt/(cash)	**165,395**	**(913,791)**	**-**	**-**	**(748,396)**

17. SHARE CAPITAL

	Number of ordinary shares	USD
Share issued upon incorporation, May 28, 2019	1	1
At December 31, 2019	1	1
Shares issued:		
- June 9, 2020, on conversion of debt [1]	999,999	999,999
- August 31, 2020, pursuant to Asset Purchase Agreement (refer to note 8(a))[2]	2,500,000	2,500,000
- August 31, 2020, as consideration for drilling work[3]	500,000	500,000
- August 31, 2020, for cash consideration[4]	1,000,000	1,000,000
- August 31, 2020, as consideration for professional services received[5]	50,000	50,000
- November to December 2020, for cash consideration [6]	1,000,000	1,000,000
At December 31, 2020	**6,050,000**	**6,050,000**
Shares issued:		
- March 30, 2021: pursuant to Asset Purchase Agreement (refer to note 8(a))[2]	500,000	500,000
- August 19, 2021, on exercise of share options[7]	250,000	434,550
At September 30, 2021	**6,800,000**	**6,984,550**

17. SHARE CAPITAL (CONT'D)

On incorporation, the Company's Memorandum of Association and Articles of Association (the "M&A") authorised the issue of a maximum of 50,000 shares with a par value of USD 1 each. The Company issued 1 ordinary share at a par value of USD 1 to Brian Kiernan. During the year ended 31 December 2020, the M&A was amended to authorise the issue of unlimited number of no par value shares, and the shares may be divided into such number of classes and series as the directors may by resolution from time to time determine, and until so divided shall comprise one class and series. Following the above amendment to the M&A, the ordinary share of USD 1 in issue, which was held by its sole shareholder, Brian Kiernan, was converted to an ordinary share of no par value of the Company.

(1) On June 9, 2020, the Company issued 999,999 common shares for a total consideration of USD 999,999 to Brian Kiernan as consideration for the settlement of debt amounting to USD 1,111,186. The resulting gain of USD 111,187 was credited to the statement of profit or loss and other comprehensive income.

(2) On July 21, 2020, as subsequently amended by the parties, the Company, Brian Kiernan and PAT, entered into an Asset Purchase Agreement (see note 8). Pursuant to the Asset Purchase Agreement, the Company issued 2,500,000 shares to Panthera as part consideration for the purchase of Panthera's rights in the Labola project on August 31, 2020 and further 500,000 shares to Panthera as part consideration for its interest in Panthera Mali Resources SARL (PMR) on March 30, 2021, both at a deemed price of USD 1 per share.

(3) On August 31, 2020, the Company issued 500,000 common shares for a total consideration of USD 500,000 to Brian Kiernan as consideration for certain drilling and associated work equivalent to USD 500,000 to satisfy certain condition of the Asset Purchase Agreement (see note 8). Subsequent to the year end, Brian Kiernan paid USD 500,000 to the Company as consideration for the 500,000 shares in lieu of the drilling and associated work.

(4) On August 31, 2020, the Company issued 1,000,000 common shares to Brian Kiernan for USD 1,000,000 cash in satisfaction of certain condition of the Asset Purchase Agreement (see note 8).

(5) On August 31, 2020, the Company issued 50,000 shares to Eurocap Financial Limited in consideration for services provided by the latter.

(6) Between November and December 2020, the Company issued 1,000,000 common shares for a total cash consideration of USD 1,000,000 to individual and corporate investors, out of which, Brian Kiernan subscribed to a further 250,000 shares.

(7) During the period ended 30 September 2021, the Company issued 750,000 common shares as follows:

- The Company issued 250,000 common shares to Brian Kiernan upon the exercise by the latter of 250,000 stock options, settled against USD 250,000 debt the Company previously owed to Brian Kiernan. On exercise of his options, a fair value adjustment of USD 184,550 was recognised in the *Share-based option reserve*.

- 500,000 common shares for a total amount of USD 500,000 to Panthera Resources Plc, pursuant to the Asset Purchase Agreement (see note 8(a) and note 17(2)), as part consideration for the acquisition of Panthera Mali Resources SARL.

18. WARRANTS

	Number of whole warrants	Average exercise price USD	Warrant value USD
At 01 January 2021	-	-	-
Granted during the period	**210,000**	**3.50**	**1,050**
Exercise of warrants	-	-	-
Expiry of warrants	-	-	-
At 30 September 2021	**210,000**	**3.50**	**1,050**
At 31 December 2020	-	-	-

On 24 August 2021, the Company constituted, by way of a Warrant Instrument Agreement, warrants to subscribe for up to 210,000 common shares (Warrant Shares) of the Company. The warrants shall be deemed to be issued on the date of grant of the relevant warrant. Warrant holders may exercise their subscription rights during the exercise period, i.e., the period from (but excluding) the date of grant as set out in the certificate in respect of such warrant to 31 December 2021, being the date of expiry.

The 210,000 warrants which the Company issued at a subscription price of USD 3.50 were equally allocated to each of the following shareholders: Brian Kiernan, Panthera Resources Plc. and Spirit Resources SARL, i.e., 70,000 warrants to each of them.

The warrants are non-transferable. Upon completion of an allotment and issue of Warrant Shares, the Company shall allot and issue to the Warrant holder the number of Warrant Shares for which it is exercising its Subscription Rights and deliver to the Warrant holder a duly executed share certificate for the number of Warrant Shares issued to him.

In determining the expense related to warrants issued during the period, the Company used the Black-Scholes pricing model to establish the fair value of warrants granted during the period on their measurement date by applying the following assumptions:

	30 September 2021	31 December 2020
Expected volatility	**100%**	-
Risk-free interest rate	**0.06%**	-
Expected life (years)	**0.33 years**	-
Share price at grant date (USD)	**1.00**	-
Exercise price (USD)	**3.50**	-
Black-Scholes value of each warrant (USD)	**0.005**	-

Expenses related to warrant granted during the third quarter and nine-months period ended 30 September 2021 was USD 1,050 (30 September 2020: the Company: USD nil).

19. SHARE OPTIONS

	30 September 2021 USD	31 December 2020 USD
At 01 January 2021/2020	**532,281**	**-**
Options vested but not yet exercised	**182,867**	**532,281**
Options exercised	**(184,550)**	**-**
At 30 September/31 December,	**530,598**	**532,281**

(i) The Company has granted certain employees and directors (the "Optionees") the right to purchase the shares of the Company (the "Option Shares") at a price of USD 1.00 per share (the "Option Price"). Under the Option Agreement, the Optionee can exercise the Option in whole or in part. Upon delivery by the Optionee of a Subscription Letter in accordance with section 2 of the Option Agreement, the Company shall be bound to issue, and the Optionee shall be bound to purchase, such number of Option Shares set out in the Subscription Letter.

(ii) Supplementary information about the Option Shares are as follows:

- The weighted average exercise price of options outstanding as at 30 September 2021 was USD 1.00 (31 December 2020: USD 1.00);
- 200,000 stock options were granted during the period ended 30 September 2021 (31 December 2020: 800,000);
- At 30 September 2021, no stock options expired (31 December 2020: the Company: nil);
- Optionees exercised 250,000 stock options during the period ended 30 September 2021 at USD 1.00 each (31 December 2020: USD nil); and
- Share-based compensation accounted during the third quarter and nine-months period ended 30 September 2021 was USD 11,655 and USD 182,867, respectively (third quarter and nine-months period ended 30 September 2020: USD 520,625/31 December 2020: USD 532,281).

(iii) The equity settled options are valued at the fair value on grant date and are calculated by applying the Black-Scholes valuation model.

The following table shows the weighted average assumptions used to determine the fair value of the equity settled options granted:

	30 September 2021	31 December 2020
Dividend yield	**-**	**-**
Expected volatility	**100%**	**100%**
Risk-free interest rate	**0.46%**	**0.28%**
Expected life (years)	**1 to 5 years**	**1 to 5 years**
Share price at grant date (USD)	**1.00**	**1.00**
Fair value (USD)	**0.739 – 0.740**	**0.7382**

19. SHARE OPTIONS (CONT'D)

(iv) The following table illustrates the number of, and movements in, share options during the period:

30 September 2021			During the period					
Grant date	Expiry date	Opening balance	Granted	Exercised	Expired/ forfeited	Closing balance	Options vested	Exercisable at end of period
31 Aug 2020	30 Aug 2025	200,000	-	-	-	200,000	200,000	200,000
31 Aug 2020	31 Dec 2021	500,000	-	(250,000)	-	250,000	250,000	250,000
03 Sep 2020	03 Sep 2025	100,000	-	-	-	100,000	68,420[1]	-
03 Feb 2021	02 Feb 2026	-	100,000	-	-	100,000	100,000	100,000
12 Feb 2021	11 Feb 2026	-	100,000	-	-	100,000	100,000	100,000
At 30 September 2021		**800,000**	**200,000**	**(250,000)**	**-**	**750,000**	**718,420**	**650,000**

31 December 2020			During the period					
Grant date	Expiry date	Opening balance	Granted	Exercised	Expired/ forfeited	Closing balance	Options vested	Exercisable at end of period
At 28 May 2019/ 01 January 2020	-	-	-	-	-	-	-	-
31 Aug 2020	30 Aug 2025	-	200,000	-	-	200,000	200,000	200,000
31 Aug 2020	31 Dec 2021	-	500,000	-	-	500,000	500,000	500,000
03 Sep 2020	03 Sep 2025	-	100,000	-	-	100,000	21,053[1]	-
At 31 December 2020		**-**	**800,000**	**-**	**-**	**800,000**	**721,053**	**700,000**

Note[1]: The stock options would only be exercisable upon an IPO or a change in control which is expected to occur during the first quarter of year 2022. As there are uncertainties about the vesting date, it is assumed that these stock options will vest on a quarterly basis.

19. SHARE OPTIONS (CONT'D)

(v) "Share-based option reserve" is used to recognise the value of share options granted prior to exercise.

20. TRADE AND OTHER PAYABLES

	30 September 2021 USD	31 December 2020 USD
Trade payables	**85,407**	**4,321**
Amounts due to related parties (note 26)	**383,939**	**80,188**
Accrual	**176,610**	**57,672**
At 30 September/31 December,	**645,956**	**142,181**

(i) The carrying amounts of the Group's and the Company's trade and other payables are denominated in the following currencies:

	30 September 2021 USD	31 December 2020 USD
United States Dollar (USD)	**583,331**	**136,680**
Great Britain Pound (GBP)	**13,471**	**890**
Australian Dollar (AUD)	**5,156**	**2,227**
Euro (EUR)	**1,461**	**2,384**
West African Franc (XOF)	**42,537**	**-**
At 30 September/31 December,	**645,956**	**142,181**

(ii) The carrying amounts of trade and other payables approximate their fair value.

21. BORROWINGS

		30 September 2021 USD	31 December 2020 USD
(i)	***Current***		
	Amount due to shareholders	**105,777**	**51,604**
	At 30 September/31 December,	**105,777**	**51,604**

(ii) The carrying amount of borrowings are denominated in USD and are not materially different from the fair value.

(iii) The borrowings are interest free, unsecured and repayable within 12 months.

22. INCOME TAX EXPENSE

Taxation is calculated at the rate prevailing in the country where the Company and its subsidiaries are resident. The consolidated effective tax rate is a function of the combined effective tax rates for the jurisdictions in which the Company operates. Variations in the relative proportions of jurisdictional income could result in fluctuations to the Company's consolidated effective tax rate.

The Company and some of its subsidiaries are incorporated in the BVI and are not subject to tax on income or capital gains. The Company also has subsidiaries operating in:

(i) Burkina Faso, namely Moydow Burkina Faso SARL, where the standard corporate tax rate on all profits is 27.5%; and

(ii) Mali, namely Panthera Mali Resources SARL, where the standard corporate tax rate on all profits is 35.0%.

At the end of the reporting period, both companies had tax losses. As a result, the Group had no tax liabilities as at 30 September 2021 (31 December 2020: the Company: USD nil).

23. ASSET ACQUISITION

Pursuant to the Asset Purchase Agreement (refer to note 8(a)) dated 21 July 2020 and the Supplemental Agreements dated 31 August 2020 among the Company, its founding shareholder (Brian Kiernan) and Panthera Resources Plc ("PAT") and the subsequent amendment dated 23 November 2020, the Company acquired PAT's rights under an option agreement dated 27 May 2019 in respect of the Labola project in Burkina Faso and 100% interest in Panthera Mali Resources SARL from PAT.

On 11 March 2021, the Company completed the acquisition of Panthera Mali Resources SARL, in accordance with the Asset Purchase Agreement. Panthera Mali Resources SARL ("PMR") was an exploration company held by Panthera Resources Plc, a company listed on the London Stock Exchange with an exploration stage asset in Mali, namely the Kalaka project. PMR holds the Kalaka exploration licence, located 260Km South East of Bamako, Mali under a joint venture agreement with a local participant, pursuant to which there is an obligation to pay approximately USD 312,000 by 31 December 2021 and a further USD 300,000 by June 2022. The local participant is also entitled to a gross royalty capped at USD 3,000,000 in total.

The acquisition of Kalaka supported the Company's growth strategy and enhanced the Company's profile. Under the terms of the transaction, the Company acquired 100% of the issued and outstanding shares of Panthera Mali Resources SARL by the issue of 500,000 of the Company's common shares at a price of USD 1 each and a cash consideration of USD 110,000.

As of the date of these unaudited interim consolidated financial statements, the determination of the fair value of assets acquired and liabilities assumed is based on preliminary estimates at the date of acquisition.

The Company determined that, as of 11 March 2021, the Company had effective control over PMR and accounted for the transaction as an asset acquisition as of that date.

23. ASSET ACQUISITION (CONT'D)

The allocation of the purchase price based on the relative fair value of assets acquired and liabilities assumed at that date was as follows:

	Note	USD
Total purchase price:		
Issue of common shares		500,000
Deferred consideration		110,000
Total purchase price to allocate		**610,000**
Cost of assets acquired and liabilities assumed:		
Exploration and evaluation assets	10	610,000
		610,000

The excess of total consideration over the estimated fair value of the amounts initially assigned to the identifiable assets acquired and liabilities assumed has been recorded as mineral asset. The mineral asset relates to the Kalaka project.

24. CONTINGENT LIABILITIES

At 30 September 2021, no guarantee was given by the Group and the Company other than in the normal course of business. Furthermore, on 29 September 2020, the Company has provided guarantee to Mr Aristide Jean Clément Boudo with respect to the Labola exploration licence that the Company will make the necessary investments to meet the minimum expenditure obligations.

25. COMMITMENTS

(a) **Capital commitments**

There is no capital expenditure contracted for by the Group and the Company at the end of the reporting period but not yet incurred.

26. RELATED PARTY TRANSACTIONS

The Group and the Company entered into transactions with related parties. The nature, volume and type of transactions with the parties are as follows:

Name of party	Type of relationship	Nature of transactions	Volume of transactions	Amount due from/(to)
			USD	USD
30 September 2021				
SHRM Trustees (BVI) Limited	Registered agent	Professional fees	3,663	(431)
Gurara Holdings Limited	Associate	Payment of E&E Expenditures	112,841	-
Brian Kiernan	Executive Chairman and shareholder	Prepaid expenses	500,000	-
		Advances	2,370	(53,974)
Fasken Martineau LLP[1]	Entity with a common director	Professional advice	90,592	(106,281)
Panthera Resources Plc	Shareholder	Advances	51,803	(51,803)
		Deferred consideration	110,000	(110,000)
James Hannon	Chief Financial Officer	Consultancy fee	45,000	(65,000)
Directors & employees	Optionees	Share-based compensation	182,867	-
David Reading	Chief Operating Officer	Fees	58,481	(28,469)
Minerex Limited[2]	Company under common control	Service agreement	135,000	(45,000)
Minerex Drilling Contractors SARL[3]	Company with a common director	Drilling service	409,715	(138,758)

26. RELATED PARTY TRANSACTIONS (CONT'D)

The Group and the Company entered into transactions with related parties. The nature, volume and type of transactions with the parties are as follows: (Cont'd)

Name of party	Type of relationship	Nature of transactions	Volume of transactions	Amount due from/(to)
			USD	USD
31 December 2020				
SHRM Trustees (BVI) Limited	Registered agent	Professional fees services	4,540	(188)
Gurara Holdings Limited	Associate	Payment of E&E Expenditures	783,226	-
Brian Kiernan	Executive Chairman and shareholder	Prepaid expenses	500,000	500,000
		Advances	997,395	(51,604)
Fasken Martineau LLP[1]	Entity with a common director	Professional advice	136,121	(38,804)
James Hannon	Chief Financial Officer	Consultancy fee	133,387	(20,000)
Directors & employees	Optionees	Share-based compensation	532,281	-
Directors	Officers	Directors' fees	47,247	-
Minerex Limited[2]	Company under common control	Service agreement	155,729	(60,000)

Fasken Martineau LLP[1] is an entity where Al Gourley, a director of the Company, is also the Regional Managing Partner. Fasken Martineau LLP provides professional and consultancy advice to the Company.

Minerex Limited[2] is a company registered in Ireland where Brian Kiernan, a Director of the Company, is also a director and the controlling shareholder.

Minerex Drilling Contractors SARL[3] is a company incorporated in Senegal, where Brian Kiernan, a director of the Company, is also a director and shareholder. Minerex Drilling Contractors SARL has carried out drilling services on the Labola property, Burkina Faso.

26. RELATED PARTY TRANSACTIONS (CONT'D)

(i) As disclosed in note 13, the deferred acquisition cost represents additional considerations injected by the Company with a view to increase its interests in Gurara Holdings Limited, in line with the Corporate Joint Venture Agreement (refer to note 8(d)). The amount is unsecured and interest-free.

(ii) There have been no guarantees provided or received for any related party receivables or payables.

(iii) There was no provision for doubtful debts in respect of amounts owed by related parties.

(iv) Each of Brian Kiernan and Al Gourley charged USD 5,000 per month as directors' fees through Minerex Limited and Fasken Martineau LLP, respectively.

(v) During the period, the Company issued 70,000 warrants (31 December 2020: the Company: nil) at a subscription price of USD 3.50 to each of the following shareholders: Brian Kiernan, Panthera Resources Plc. and Spirit Resources SARL. The cost recognised as expense with respect to the total 210,000 warrants issued during the period amounted to USD 1,050.

27. EVENTS AFTER THE REPORTING PERIOD

There has been no material event since the end of the reporting period which would require disclosure or adjustment to the unaudited interim consolidated financial statements for the nine-months period ended 30 September 2021, except the following:

(i) On March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. This event is a significant event considering the spread of virus all over the world and the situation of lock-down around the world. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies. COVID-19 has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted.

As at the date of approval of these unaudited interim consolidated financial statements, the COVID-19 crisis is still unfolding globally, and there will be some uncertainty remaining around the accurate assessment of the full impact of COVID-19 crisis or any prediction regarding the future course of events that would arise due to the COVID-19 crisis.

Management has made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these unaudited interim consolidated financial statements and confirm that they have not identified events or conditions that may cast doubt on the Company's ability to continue as a going concern.

(ii) In accordance with the provisions of the Corporate Joint Venture Agreement (see note 8(d) above), the Company has contributed additional considerations to increase its interests in Gurara Holdings Limited (the "Earn-In Option"). After the end of the reporting period, the Company's aggregate funding in Gurara Holdings Limited has reached USD 1,000,000. Thus, it has exercised the First Option provided under the JVA and is currently holding 51% participating interest in Gurara Holdings Limited. Zinariya Mining Limited ("PW") has acknowledged the contributions and the additional participating interest was issued and allotted to the Company.

27. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

(iii) Additional License Area - Wuo Land 2 Option Agreement

On March 11, 2022, DFR announced that Moydow has entered an agreement to acquire an option over an exploration license ("Wuo Land 2"), contiguous to the existing Labola license area. The Wuo Land 2 option is exclusive and can be exercised through the payment of USD 500,000 with the license holder retaining a net smelter royalty of 1% on all gold produced up to a total aggregate payment of USD 2,000,000. The USD 500,000 is payable in tranches with USD 200,000 due upon all the requirements of an escrow agreement to hold the Wuo Land 2 license being satisfied (the "Wuo Land 2 Closing Date"), USD 150,000 within 12 months of the Wuo Land 2 Closing Date and USD 150,000 within 18 months of the Wuo Land 2 Closing Date. The minimum expenditure requirement to keep the WUO Land 2 Property in good standing is USD 113,000 per annum.

28. COMPARATIVES

Last year, the Company prepared its separate financial statements for the period from 01 January 2020 to 31 December 2020. For the current period, it is presenting its first set of consolidated financial statements for period from 01 January 2021 to 30 September 2021. Hence, the comparative figures for statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related notes, for that period are not comparable with the current period results.

29. SHAREHOLDERS

At 30 September 2021, Brian Kiernan, a substantial individual shareholder owned 44.12% of the Company's shares, and Panthera Resources Plc, a corporate investor also owned 44.12% of the Company's shares. The remaining 11.76% shareholding were owned by other individual shareholders and corporate investors.

During the third quarter of 2021, the Company entered into Definitive Agreements with Diamond Fields Resources Inc. Subject to regulatory approvals and satisfactory completion of suspensive conditions, the transaction is expected to close in the first quarter of 2022.

At closing of the transaction, the Company will be majority-controlled by Diamond Fields Resources Inc. through the acquisition and exchange of the Company's shares currently owned by Brian Kiernan.

Schedule I – Moydow Management Discussion and Analysis for the nine-months period ended September 30, 2021



MOYDOW HOLDINGS LIMITED
Management's Discussion and Analysis of Financial Condition and Results of Operations
For the third quarter and nine-months period ended September 30, 2021
Date of release April 29, 2022

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

MOYDOW HOLDINGS LIMITED

Management's Discussion and Analysis of Financial Condition and Results of Operations
Third quarter and nine-months period ended September 30, 2021
(All amounts are expressed in U.S. dollars except where otherwise indicated)

1. INTRODUCTION

This Management Discussion and Analysis (''MD&A") for the nine-months period ended September 30, 2021 has been prepared as at April 29 2022, and contains certain "forward-looking statements" under 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 Moydow Holdings Limited ("Moydow" 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 interim financial statements of Moydow.

The Company entered into definitive agreements (the "Definitive Agreements") with Diamond Fields Resources Inc. (TSXV: DFR) ("Diamond Fields" or "DFR") as announced by DFR on August 25, 2021. The transaction ("Transaction") involves a combined restructuring of Moydow's shareholding and a securities exchange by the current security holders of Moydow other than Panthera Resources Plc. ("PAT") (see note 14: *Proposed Transaction*) for DFR common shares.

(i) Coronavirus Covid-19 Pandemic

On March 11, 2020, the World Health Organization (WHO) declared coronavirus COVID-19 a global pandemic (the "Pandemic"). This contagious disease outbreak, which has continued to spread, and the related adverse public health developments, have negatively affected workforces, economies, and financial markets globally, leading to an economic downturn. Several vaccines have been approved by WHO since late 2020 and mass vaccination has started in many jurisdictions. The pandemic has negatively impacted the Company's projects in West Africa. It is not possible for the Company to predict the duration and magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

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

Following the end of the reporting period, the Company reported the following material events (as further disclosed under note 15 of the MD&A): DFR announced a maiden NI 43-101 compliant technical report for the Company's Labola project in Burkina Faso on October 25, 2021, filed on SEDAR by DFR on December 3, 2021; the Company earned the First Option under the Gurara JVA; and, the Company entered into an agreement to acquire an exclusive option for the acquisition of an exploration license contiguous to the Company's Labola project.

(iii) Management's responsibility for financial reporting

The condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements.

1. INTRODUCTION (Continued)

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

2. OVERVIEW

(i) Description of business

Moydow Holdings Limited is a British Virgin Islands (BVI) governed company, incorporated on May 28, 2019, with incorporation number 2014068. The Company is active in mineral exploration, and has business interests in Burkina Faso, Mali and Nigeria. Moreover, the Company is actively engaged in the assessment of additional mineral projects around the world, with focus on West Africa, to identify new opportunities.

(ii) Principal Assets

Labola (Gold) – Burkina Faso. The Company holds an exclusive option until May 27, 2024 to purchase 100% of the license holder's interest in the Wuo Land (Labola) exploration licenses where data for over 65,500 meters of historical drilling has been acquired by the Company from previous option holders. The Labola project lies in the Banforra greenstone belt of the West African Birimian Supergroup in southwest Burkina Faso. Following the end of the reporting date, the Company, through Diamond Fields, announced a NI 43-101 compliant technical report on October 25, 2021 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.

Mr. David J Reading, M.Sc., FIMM, Fellow of the Society of Economic Geologists (SEG), a consultant of the Company and a Qualified Person as defined under Canadian National Instrument 43 101 - Standards of Disclosure for Mineral Projects ("NI 43 101"), has reviewed and approved the technical information contained in this report and the notes to the condensed consolidated interim financial statements. The report has been filed on SEDAR by DFR on December 3, 2021.

Kalaka (Gold) - Mali. The Company acquired Panthera Mali Resources SARL ("PMR") from Panthera Resources Plc during the first quarter of 2021. PMR through a joint venture agreement with a local participant (owning the remaining 20% interest) owns 80% interest in the Kalaka licence. The Kalaka project is located 260km southeast of Bamako in south Mali, 80km south of the 8 million oz Morila gold mine owned by Barrick/Anglo Gold and 85km northwest of the 6 million oz Syama gold mine owned by Resolute. Previous exploration work at Kalaka includes soil sampling, airborne geophysics, ground IP and 20,952m of drilling. 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.

2. OVERVIEW (Continued)

Nigeria (Gold). Moydow also holds a 20% indirect interest in various gold exploration projects in Nigeria through its interest in Gurara Holdings Ltd., 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. Following the period end, Moydow has reached USD 1,000,000 qualifying expenditure in the project to earn 51% interest in the Nigeria projects.

3. HIGHLIGHTS

Exploration Projects

Labola – Burkina Faso

The Company entered into an asset purchase agreement with Panthera Resources Plc ("Panthera") during 2020 to acquire Panthera's exclusive rights in an option agreement (the "Labola Option") and shortly after entered into a deed of novation with Panthera and the licence holder to effectively transfer the rights pertaining to Labola Option to Moydow. On October 9, 2020 Moydow entered into an agreement with Nord Gold SE to purchase all their historic data (as further discussed under the heading *Projects*) including exploration data (65,500 meters drilling), reports and samples. Moydow has since August 2020, explored the area, compiled all previous data into a single data base audited and interpreted the data. Subsequent to the period end, on October 25, 2021, the Company (pursuant to the Definitive Agreements with Diamond Fields) announced a maiden NI 43-101 compliant resource statement, filed by DFR on SEDAR on December 3, 2021 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 mineral resource estimate (MRE) for the Labola 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.

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

Kalaka – Mali

Pursuant to the asset purchase agreement referred to under sub-heading *Labola – Burkina Faso* above and other related agreements with Panthera Resources Plc., Moydow also acquired all of Panthera's rights in the Kalaka project in Mali (consisting of 80% in the Kalaka project through a joint venture agreement with a local participant) during the first quarter of the current period. Moydow issued 500,000 shares valued at USD 500,000 and agreed to pay USD 110,000 cash as consideration for the Kalaka project. Exploration work is ongoing at Kalaka.

3. HIGHLIGHTS

Other Gold projects - Nigeria

During the preceding fiscal year, the Company earned 20% in Gurara Holdings Limited, which holds 99.9% interests in 3 Nigerian companies each owning a mining licence in Nigeria. The Company earned a 51% interest in Gurara following the period end, following incurring aggregate qualifying expenditures of US$ 1,000,000.

Overall operation updates and performance

The Company posted a total comprehensive loss of USD 2,146,083 (2020: USD 926,550) for the period ended September 30, 2021. No income (2020- gain on settlement of debt: USD 111,187) was recorded during the period then ended. Expenditures consisted mainly of: *Exploration and Evaluation expenditures* amounting to USD 1,605,080 (2020: USD 72,374) attributable mainly to Labola Project; and, *Administrative expenses* amounting to USD 518,559 (2020: USD 967,901) made up mainly of consultancy and professional fees with a marked decrease in share-based compensation.

Corporate activities

The Company had 6,050,000 issued and outstanding shares at the beginning of the period and issued 500,000 shares to Panthera Resources Plc. valued at USD 500,000 and agreed to pay USD 110,000 cash as consideration for the Kalaka rights. Moreover, Brian Kiernan, a substantial shareholder, exercised 250,000 share options at USD 1 each, thus increasing the total shares issued and outstanding to 6,800,000 at the end of the period. Subsequent to the period end, Brian Kiernan exercised further 350,000 share options at USD 1 each.

The Company had 800,000 share options outstanding at the beginning of the period, issued 200,000 share options during the period, and Brian Kiernan exercised 250,000 share options, leaving a balance of 750,000 share options outstanding at the end of the period. Brian Kiernan exercised further 350,000 share options following the period end.

The Company entered into Definitive Agreements with Diamond Fields as announced by DFR on August 25, 2021 (please see note 14: *Proposed Transaction*). The Definitive Agreements will involve a restructuring of the Company's shareholding and an exchange of securities with DFR such that following closing of the Transaction (expected during Quarter 2, 2022) the Company will be controlled by DFR. DFR will hold the following interest in the current Moydow assets:

- An 80% interest in the Labola Option (subject to certain conditions, see note 14: *Proposed Transaction*), with Panthera resources Plc. owning the remaining 20%;
- A 40% interest in the Kalaka project, with Panthera owning an equal 40% interest and having operatorship, and the remaining 20% will be held by the current local participant to the joint venture between the Company's subsidiary Panthera Mali Resources SARL and the local participant; and,
- A 10% interest in three Nigerian mining projects, through its holding in Gurara. Following the end of period, the Company has earned a 51% interest. As such, following closing, DFR shall retain 25.5% interest, with Panthera Resources Plc. retaining an equal interest and having operatorship. The remaining interest in Gurara is held by a third party.

4. REVIEW OF OPERATIONS

Exploration Projects

Labola (Gold) – Burkina Faso

The Labola gold exploration project comprising of 3 licences is located in the Banfora greenstone belt of the West African Birimian Supergroup in Comoé province, southwest Burkina Faso. Labola is approximately 370km west-southwest of Ouagadougou, and 100km northeast of the Wahgnion gold mine, operated by Endeavour Mining.

The renewal dates and references for the 3 licenses under the Labola project are as follows:

Permit Name	Area	Type	Next renewal date
WUO Land	61.6 Km^2	Exploration Permit	March 4, 2024
Daramandougou I	1 Km^2	Semi-mechanised exploitation permit	May 23, 2022
WUO NE	1 Km^2	Semi-mechanised exploitation permit	May 23, 2022

On July 21, 2020, the Company entered into an asset purchase agreement, as amended on November 23, 2020 (the "Asset Purchase Agreement") with Panthera Resources Plc ("Panthera") and Brian Kiernan for the acquisition of, amongst others, Panthera's rights under an option agreement dated May 27, 2019 in respect of the Labola project in Burkina Faso (the "Labola Option"). As consideration for acquiring the Labola Option, Moydow has issued 2,500,000 common shares valued at USD 2,500,000 and paid USD 290,000 cash to Panthera.

Pursuant to the Asset Purchase Agreement, Moydow, Panthera and the Labola licence holder (the "Licence Holder") entered into a deed of novation dated August 29, 2020, as amended on November 5, 2020, transferring Panthera's entitlement to the Labola Option to Moydow.

The Labola Option agreement gives Moydow exclusive rights until May 27, 2024 to purchase 100% of the Licence Holder's interest in the Wuo Land (Labola) exploration license for a payment of USD 1.0m. Moreover, an amount of USD 50,000 is payable annually to the Licence Holder until such time the Labola Option is exercised. An additional payment of USD 1.0m will be made to the License Holder upon the successful definition and reporting of a resource of at least 1,000,000 ounces of gold (under JORC guidelines). In addition, the License Holder will retain a 1% net smelter return royalty ("NSR") on all gold produced up to a total aggregate payment of USD 2,000,000.

Moydow has explored the area since August 2020, and has benefitted from exploration activities undertaken at Labola 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% NSR capped at USD 3,000,000.

Historic information includes over 65,500m of drilling (541 holes) completed across multiple drilling campaigns by HRG and Taurus, consisting of principally diamond and RC drilling (24,589m/39,339m, respectively). 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 Moydow, highlight the opportunity for further extensions and additional zones.

4. REVIEW OF OPERATIONS (Continued)

Exploration Projects (Continued)

Labola (Gold) – Burkina Faso (continued)

During the reporting period, Moydow has consolidated all the previous exploration data into a single database for the first time in the project's history. The database includes an extensive amount of information, including drilling and soil sampling data, ground and airborne geophysics and Lidar surveys. Moydow recently completed its inaugural exploration drilling program, which included 4,739m of RC drilling, comprising twin drilling of 23 holes in two areas of known, high grade mineralization, 2 infill holes as well as 4 exploration drill holes to test potential extensions. Two holes required re-drilling. The results of the Moydow drilling showed strong reproducibility of the HRG and Taurus drill data both in terms of location of mineralization and grade. Moreover, the brownfields exploration drilling showed good predictability of the location of mineralization in extensional drilling to the mineral resource. The HRG, Taurus and Moydow data was therefore taken as sufficiently accurate to be used in the estimation of the Maiden MREs for Labola.

Subsequent to the period end, on October 25, 2021, Diamond Fields Resources Inc. announced a maiden Mineral Resource prepared in accordance with National Instrument 43-101 for the Company's Labola project, reporting:

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

The mineral resource estimate (MRE) for the Labola 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. Labola Project 2021-10, prepared in accordance with NI 43-101 and filed on SEDAR by Diamond Fields on December 3, 2021, that is within 45 days of the October 25, 2021 DFR announcement.

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

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

4. REVIEW OF OPERATIONS (Continued)

Exploration Projects (Continued)

Labola (Gold) – Burkina Faso (continued)

Pursuant to the Definitive Agreements and other related agreements among DFR, Moydow and Panthera, upon closing DFR will own an 80% interest in the Labola project and Panthera, currently a substantial shareholder of Moydow, will own a carried 20% interest on the condition that DFR invests USD 18 million in the project by September 30, 2026. Panthera shall have the right to acquire an additional 10% interest in Labola by making a payment of up to USD 7,200,000 following the trigger date. Thereafter, all interests shall be participating.

The Group has incurred USD 321,299 and USD 1,365,979 (2020: USD 40,519 and USD 72,374) on the Labola project respectively for the third quarter and nine-months ended September 30, 2021, made up of: drilling and assaying related costs (USD 701,537); consultancy costs (USD 522,866); and licences and other costs (USD 141,576).

Kalaka (Gold) – Mali

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

Pursuant to the Asset Purchase Agreement (see Labola Project above), as amended by the Company and Panthera on November 23, 2020 and certain side letters, Moydow acquired 100% of Panthera's right 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"). As consideration for Panthera's rights in the Kalaka Project, Moydow agreed to pay USD 110,000 cash and issued 500,000 shares valued at USD 500,000 to Panthera in addition to funding USD 66,000 qualifying expenditures. Pursuant to the Kalaka JVA, PMR has an obligation to pay Local Participant a fee of USD 80,000 (or equivalent in shares) and incur exploration expenditure of approximately USD 312,000 by December 31, 2021 and a further USD 300,000 by 30 June 2022. Local Participant is also entitled to a gross royalty capped at USD 3,000,000 in total. Other than as described in this section, all project interests pertaining to the Kalaka JVA are participating.

Moreover, pursuant to the *Convention Etat* (the agreement between PMR and the Government of Mali ("GoM") pertaining to the rights and obligations associated with the Kalaka exploration license), upon starting operation, the operating company succeeding PMR will agree reimbursement terms with GoM for $397,000 deemed exploration expenditure incurred by GoM in relation to previous exploration work. Furthermore, according to the *Convention Etat*, GoM will have a 10% carried interest in the operating company succeeding PMR, with an option to acquire a further 10% participating interest, and private local investors shall be eligible to acquire a 5% participating interest.

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

4. REVIEW OF OPERATIONS (Continued)

Exploration Projects (Continued)

Kalaka (Gold) – Mali (continued)

Pursuant to the Definitive Agreements, DFR will hold a 40% participating interest in the project with Panthera also having a 40% participating interest and acting as operator; the Local Participant will hold the remaining 20% participating interest. Other than PMR's obligations described under this sub-heading, and the GoM's 10% carried interest, all project interests are participating.

The Company incurred USD 174,961 and USD 239,101 (2020: $ nil) on the Kalaka project respectively for the third quarter and nine-months ended September 31, 2021.

Other projects – Nigeria (Gold)

During the previous period, Moydow acquired a 20% interest in various gold exploration projects in Nigeria through a 20% interest in Gurara Holdings Limited ("Gurara"), a BVI company. 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.

July 20, 2020 Moydow entered into a joint venture agreement (the "Gurara JVA") oinvolving the following parties:

(1) Moydow Holdings Limited ("Moydow" or the "Company");

(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 September 30, 2021 was held as to 20% by Moydow and 80% by Zinariya; and,

(4) PW Nigeria Mining Ltd ("PW Mining"), a Nigeria company.

Other projects – Nigeria (Gold) (Continued)

Pursuant to the Gurara JVA:

- Moydow held 20% in Gurara [following project spending of USD 250,000 (the "Initial Payment")];
- PW Nigeria Ltd. ("PW Nigeria") is a member of the same group of company as Zinariya and PW Mining and owned the Projects (as described below);
- PW Nigeria transferred 99.99% of the entire share capital in 3 project companies in Nigeria (the "Projects") to Gurara.

4. REVIEW OF OPERATIONS (Continued)

Exploration Projects (Continued)

- Zinariya granted a first option to Moydow to acquire a 51% interest in Gurara by investing a total of USD 1,000,000 prior to September 30, 2021 (the "First Option"). Moydow achieved the required expenditure to earn the First Option after September 30, 2021, but the parties have agreed that Moydow has earned the First Option and became bestowed with a 51% interest in Gurara.

- • Moydow may acquire a Second Option to earn a 65% interest in Gurara expiring on July 2023 by spending an accumulated $2,000,000 in the Projects.

The Company's share of loss of associate in respect of Gurara for the third quarter and nine-months ended September 30, 2021 (2020: USD nil) amounted to USD 1,968 and USD 2,580 respectively.

5. RESULTS OF OPERATIONS

(i) Review of selected financial and operating results

Selected period ends financial and non-financial information

	(Unaudited) Three-months period ended		(Unaudited) Nine-months period ended	
	30 September 2021 USD	30 September 2020 USD	**30 September USD**	30 September 2020 USD
Gain on settlement of debt	**-**	-	**-**	111,187
Exploration and evaluation expenditures	**(496,260)**	(40,519)	**(1,605,080)**	(72,374)
Directors' fees	**-**	-	**-**	(47,247)
Share purchase warrants	**(1,050)**	-	**(1,050)**	-
Share-based compensation	**(11,655)**	(520,625)	**(182,867)**	(520,625)
Administrative expenses	**(124,010)**	(206,244)	**(334,642)**	(400,029)
Foreign exchange (loss)/gain	**(29,442)**	671	**(27,217)**	2,538
Share of loss of associate	**(1,968)**	-	**(2,580)**	-
Currency translation difference	**7,353**	-	**7,353**	-
Total comprehensive loss for the period USD	**(657,032)**	(766,717)	**(2,146,083)**	(926,550)
Wrighted average number of shares (units)	**6,664,130**	2,282,065	**6,425,458**	845,971
EPS-basic	**(0.10)**	(0.34)	**(0.33)**	(1.10)

5. RESULTS OF OPERATIONS (CONTINUED)

(i) Review of selected financial and operating results (Continued)

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report. The MD&A includes certain non-IFRS measures to provide meaningful information, where appropriate.

No revenue (2020 - gain on settlement of debt: USD 111,187) was recorded for the nine-months period ended September 30, 2021.

The substantially higher *Evaluation and Exploration expenditures* (''E&E'') amounting to USD 496,260 and USD 1,605,080 (2020: USD 40,519 and 72,374) for the third quarter and nine-months respectively is due to spending on the Labola project amounting to USD 321,299 and 1,365,979 (2020: USD 40,519 and 72,374) respectively for the third quarter and nine-monhs ended September 30, 2021 in relation to the publication of the maiden resource statement for the Labola Project. Expenditure amounting to USD 174,961 and USD 239,101 (2020: USD nil) were incurred on the Kalaka project for the third quarter and nine-months ended September 30, 2021 respectively.

Administrative Expenses amounting to USD 124,010 and USD 334,642 (2020: USD 206,244 and USD 400,029) for the third quarter and nine-months period ended September 30, 2021 consist mainly of consultancy and professional fees for legal, management and financial services.

The substantially reduced share-based compensation expenditure amounting to USD 11,655 and USD 182,867 (2020: third quarter and nine-months: USD 520,625) respectively for the third quarter and nine-months is as a result of 721,053 of the 800,000 share options issued in 2020 vesting immediately (during the third quarter of 2020) compared to only 200,000 share options issued in 2021 which have all vested. The Black-Scholes model using the parameters set under note 20 – *Share Options* of the condensed consolidated interim financial statements was used to value the share-based compensation.

Loss on foreign exchange of USD 29,442 and 27,217 (2020: gain of USD 671 and USD 2,538) for the third quarter and nine-months period ended September 30, 2021 arose as a result of the strengthening of the Central and West African Francs (XOF) (pegged to the Euro) against the USD, where a significant amount of expenses were incurred during the current financial period.

6. SELECTED QUARTERLY FINANCIAL INFORMATION

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

All amounts in USD	Sept 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019
Other income gains / (loss) on sale of assets	-	-	-	1,995	671	113,054	-	-
Net loss	(944,901)	(717,980)	(483,202)	(333,468)	(766,718)	(54,187)	(105,645)	(121,016)
Basic loss per share	(0.14)	(0.11)	(0.08)	(0.06)	(0.34)	N/A	N/A	N/A

7. CAPITAL RESOURCES AND LIQUIDITY

(i) Cash and Working Capital

At September 30, 2021, the Company had working capital deficit of USD 487,142 (December 31, 2020: working capital of USD1,497,551), that is a decrease of USD 1,984,693 in working capital. The decrease in working capital results mainly from: receiving USD 500,000 outstanding from a related party in 2020 (which were used to fund operations in 2021); an increase in payables, borrowings and deferred consideration to related parties amounting to USD 667,948 (mainly to sustain the Labola exploration programme and Kalaka acquisition); and a decrease in cash balance as analysed below.

The Group's cash position at September 30, 2021 was USD 368,895 (December 31, 2020: USD 1,191,336). The decrease of USD 822,441 is mainly attributed to: financing operating costs (see consolidated statement of cash flows) amounting to USD 965,989 for the nine months period; financing of investment, fixed assets and financial asset amounting to USD 158,020, partly offset by proceeds from borrowings of USD 304,173.

(ii) Share and loans transactions

The Company had 1 share issued and outstanding as at December 31, 2019. During the preceding year, the Company issued 2,500,000 shares to Panthera Resources Plc as part consideration for the Labola Option for a deemed value of USD 2,500,000. Brian Kiernan subscribed for 2,749,999 shares (out of which USD 500,000 payment was received in 2021) for cash consideration and debt settlement, and several individual and corporate investors subscribed to 800,000 common shares for a total consideration and debt settlement of USD 800,000. At December 31, 2020, the Company had a total of 6,050,000 shares issued and outstanding. During the nine-months period, the Company issued 500,000 shares (valued at USD 500,000) to Panthera Resources Plc (Panthera) as part consideration for the acquisition of Panthera's interest in the Kalaka project and Brian Kiernan exercised 250,000 share options (with an exercise price of USD 1 per share), settled against debt, bringing the total number of shares issued at outstanding at the end of the period to 6,800,000 shares. Subsequent to the period end, Brian Kiernan exercised further 350,000 USD 1 share options for cash.

The Company owed USD 105,777 (December 31, 2020: USD 51,604) to its shareholders as follows: USD 53,974 (December 31, 2020: USD 51,604) due to Brian Kiernan who is currently a substantial shareholder supporting the Company financially since its incorporation; and USD 51,803 (2020: Nil) due to Panthera Resources Plc. The advances are interest free, unsecured and repayable within 12 months.

(iii) Stock options and warrants

The Company awards share options to directors and management. 800,000 share options with an exercise price of USD 1 per option were granted during the financial year 2020, and remained outstanding as at December 31, 2020. During the nine-months period, additional 200,000 share options with an exercise price of USD 1 each have been awarded, and Brian Kiernan exercised 250,000 of his 600,000 outstanding share options. As at the end of the reporting period, 750,000 share options were outstanding out of which 718,420 had vested. Equity settled options are valued at the fair value on grant date, calculated using the Black-Scholes valuation model according to the parameters set under note 20 of the condensed consolidated interim financial statements. The balance of share options issued, outstanding, vested and their expiry dates are also reported on note 20 of the condensed consolidated interim financial statements.

The Company issued 210,000 share purchase warrants with an exercise price of USD 3.50 per warrant on August 24, 2021. The warrants expired unexercised on December 31, 2021.

8. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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 interim 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 20 of the condensed consolidated interim financial statements.

(ii) Warrants

On August 24, 2021, the Company has issued 210,000 non-brokered share purchase warrants (USD denominated) with exercise price of USD 3.50. The Company measures the cost of the warrants by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed under note 19 of the condensed consolidated interim financial statements. Warrants classified as equity instruments are not subsequently re-measured (i.e., subsequent changes in fair value are not recognized).

(iii) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

8. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

ADOPTION OF NEW ACCOUNTING STANDARDS & OTHER PROPOSED FUTURE ACCOUNTING CHANGES

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

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2021 and the Group considers that their application does not have any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

- Covid-19-related Rent Concessions – Amendments to IFRS 16

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

9. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS

(i) Capital Management

The Group'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 Group's capital consists of shareholders' equity. The Group'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 Group may acquire additional funds from capital or debt markets where advantageous circumstances arise. The Group 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 Group plans to raise capital or borrow funds, although there is no certainty that such financing will be available on terms acceptable to the Group.

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

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

(ii) Financial Instrument Risks

The Group 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 four types of risk: foreign currency risk, interest rate risk, equity price risk, and commodity price risk.

9. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISKS (Continued)

(ii) Financial Instrument Risks (Continued)

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between currencies with which the Group transacts will affect the Group's operations and financial results. The Group primarily transacts business in UK, Europe, CFA zone and Nigeria, and purchases goods and services denominated in the Great Britain Pounds, the Australian Dollar (AUD), the Euro, the US dollars, the West African Francs (XOF) and the Nigerian Naira. As such, the Group has exposure to foreign currency exchange rate fluctuations. The Group has not entered into any agreements or purchased any instruments to hedge possible foreign currency risks.

Interest rate risk

The Group does not have any financial instruments subject to interest rate risk at the date of reporting.

Equity price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Group has no equity holdings which are classified in the statement of financial position as financial assets at fair value, or which are valued at current bid price. Therefore, it is not exposed to this risk.

Commodity price risk

Commodity price risk is the uncertainty associated with the valuation of assets arising from changes in price of commodities.

Credit risk

The Group 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 Group will not be able to meet its financial obligations as they become due. The Group'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 Group's reputation. The Group 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 Group's properties and operations are subject to certain risks including but not limited to government regulations related to mining, mineral prices and currency fluctuations, competition, receipts of permits and approval from government authorities, operating hazards and other risks inherent to mineral exploration, development and mining operations.

(i) Additional Financing Requirements

The Group will require additional financing in order to continue the development of the its properties and its exploration activities. There can be no assurance as to the success of future financing activities necessary to meet the Group'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)

Mineral exploration, development and mining activities generally involve a high degree of risk and uncertainty. There is no assurance that continued exploration of the Group's concessions will result in any discovery of commercial quantities of gold or other minerals over and above those previously identified. Even if commercial quantities of gold or other minerals are discovered, economic recovery is dependent upon a number of factors, including the particular attributes of the deposit, such as terrain, recovery 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 Group.

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 Group will result in a profitable commercial mining operation. There is no certainty that the expenditures made by the Group towards the search and evaluation of targeted minerals will result in discoveries of commercial quantities of those minerals.

(iii) Political Risks

The Group 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 Group operates and conducts exploration activities in countries which have experienced civil unrest and/or civil warfare in recent years. It attempts to minimize the risks inherent in conducting operations and exploration in frontier areas by monitoring local conditions and avoiding high risk areas.

(iv) Security Risks

The Group's assets are located in countries having registered recent security issues in relation to mining companies including attacks on convoys, attacks on operation sites. There are reported cases of raids by terrorists and militants within Mali, Burkina Faso and Nigeria. Moreover, and typical to gold projects, many artisanal miners carry mining activities on areas falling within the Group's concessions and area of interest. The Group works in collaboration with local partners to gather intelligence on security and security threats prevention. Though there have been no record of attacks or threats against the Group's employees, consultants and assets, security concerns may lead to increases in operating costs and cause serious disruptions to business.

10. RISK FACTORS (Continued)

(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. Moreover, artisanal mining is a regular feature of gold projects, estimating quantity mined by artisanal miners can be very approximate. In addition, the quantity of reserves or resources may vary depending on gold and other mineral 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.

(vi) Operating History

The Company has not been previously engaged in extensive exploration work, development and operation 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. The Company has engaged reputable professionals as directors, management and consultants to mitigate those risks.

(vii) 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 licences may be revoked by the applicable government authorities for failure to perform the obligations thereunder. Licences must be renewed periodically. The renewal process involves a review of the licence 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 Group's renewal and concession applications will be successful.

(viii) 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 Group's operations, financial condition and results of operations.

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

The price of the common shares, the Group'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 Group's properties to be impracticable.

10. RISK FACTORS (Continued)

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

The concessions comprising the Group's projects are located in Burkina Faso, Mali and Nigeria, 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 Group'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 Group in respect of its projects will be subject to government legislation, policies and controls relating to prospecting, development, production, importing and exporting of minerals, concession tenure, exchange controls, mining taxes, labour standards and environmental protection. There can be no assurance that such legislation, policies and controls will not have a material adverse effect on the business, operations and affairs of the Group.

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 Group 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.

(xi) Competition

The mining industry is competitive in all of its phases. The Group 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 Group. As a result of this competition, the Group may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Group's revenues, operations and financial condition could be materially adversely affected.

(xii) Key Executives

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

10. RISK FACTORS (Continued)

(xiii) 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 Group 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.

11. OUTSTANDING SHARES, OPTIONS AND WARRANTS DATA

Movement on common shares and stock options have been reported under *"Capital Resources and Liquidity"* section of this MD&A. The founding shareholder subscribed for one common share at an issue price and consideration of USD 1 upon incorporation of the Company on May 28, 2019. During the year ended December 31, 2020, 6,049,999 common shares have been issued to various parties (for a combined cash consideration and debt settlement of USD 6,049,999). As such, a total of 6,050,000 common shares were issued and outstanding as at December 31, 2020. During the nine-months reporting period, the Company issued 500,000 shares to Panthera Resources Plc. valued at USD 500,000 as part consideration for the acquisition of the Kalaka project, and a further 250,000 shares to Brian Kiernan upon exercise of 250,000 options with an exercise price of USD 1 per share. The Company had a balance 6,800,000 shares issued and outstanding at September 30, 2021. Subsequent to the period end, Brian Kiernan paid USD 350,000 and exercised his remaining 350,000 share options.

Moreover, during the previous year, the Company issued 800,000 stock options with an exercise price of USD 1 per option which remained outstanding as at December 31, 2020. During the current period, the Company issued 200,000 additional share options to Management (with an exercise price of USD 1 per option) and Brian Kiernan exercised 250,000 options, leaving a balance of 750,000 share options outstanding, out of which 718,420 options had vested at September 30, 2021. Following the end of the reporting period, Brian Kiernan exercised the remaining 350,000 balance of his stock options.

Moreover, on August 24, 2021, the Company issued 70,000 share purchase warrants with an exercise price of USD 3.50 per warrant to each of its following 3 shareholders: Brian Kiernan, Panthera Resources Plc., and Spirit Resources SARL. The warrants expired unexercised on December 31, 2021.

12. RELATED PARTY TRANSACTIONS

The following compensations provided by the Company constitute related party transactions:

	Nine-months ended September 30, 2021	twelve-months ended December 30, 2020
	USD	USD
Minerex Limited[1]	**135,000**	155,729
Fasken Martineau LLP[2]	**90,592**	136,121
Minerex Drilling Contractors SARL[3]	**409,715**	-
Brian Kiernan – Directors' fees	**-**	47,247
James Hannon – Chief Financial Officer	**45,000**	133,387
Share based compensation - Directors and Officers	**182,867**	520,625

[1]Minerex Limited is a company registered in Ireland providing management services to Moydow and where Brian Kiernan, a Director of the Company, is also a director and the controlling shareholder.

[2]Fasken Martineau LLP is a law firm in the United Kingdom where Al Gourley, a Director of the Company, is also the Regional Managing Partner. Fasken Martineau LLP provides professional and consultancy advice to the Company.

[3]Minerex Drilling Contractors SARL is a Senegal registered company, wholly owned by Minerex Drilling Contractors Ltd. (Isle of Man), where Brian Kiernan, a Director of the Company, is also a Director and significant shareholder (with 13% indirect ownership).

13. ASSET ACQUISITION

Pursuant to the Asset Purchase Agreement (refer to note 4 – *Review of Operations*)) dated July 21, 2020 and the supplemental agreements dated August 31, 2020 among the Company, its founding shareholder (Brian Kiernan) and Panthera Resources Plc ("Panthera") and the subsequent amendment dated November 23, 2020, the Company acquired Panthera's rights under an option agreement dated May 27, 2019 in respect of the Labola project in Burkina Faso and 100% interest in Panthera Mali Resources SARL ("PMR") from Panthera.

On March 11, 2021, the Company completed the acquisition of PMR, in accordance with the Asset Purchase Agreement. PMR owns 80% in an exploration stage asset in Mali, the Kalaka project, through a joint venture agreement (the "Kalaka JVA") with a local participant (the "Local Participant"). The Kalaka exploration licence is located 260km south east of Bamako, 80km south of the 8 million oz Morila gold mine owned by Barrick/Anglo Gold and 85km northwest of the 6 million oz Syama gold mine owned by Resolute. 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.

13. ASSET ACQUISITION (Continued)

Pursuant to the Kalaka JVA, PMR is required to pay USD 80,000 to Local Participant on or before December 31, 2021 in addition to project spending of approximately USD 312,000 by 31 December 2021 and a further USD 300,000 by June 2022. Local Participant is also entitled to a gross royalty capped at USD 3,000,000 in total. Other than these payments, all interest in the Kalaka project is participating. Moreover, pursuant to the *Convention Etat* (the agreement between PMR and the Government of Mali ("GoM") pertaining to the rights and obligations associated with the Kalaka exploration license), upon starting operation, the operating company succeeding PMR will agree reimbursement terms with GoM for $397,000 deemed exploration expenditure incurred by GoM in relation to previous exploration work. Furthermore, according to the *Convention Etat*, GoM will have a 10% carried interest in the operating company succeeding PMR, with an option to acquire a further 10% participating interest, and private local investors shall be eligible to acquire a 5% participating interest.

The acquisition of Kalaka supported the Company's growth strategy and enhanced the Company's profile. Under the terms of the transaction, the Company acquired 100% of the issued and outstanding shares of Panthera Mali Resources SARL by the issue of 500,000 of the Company's common shares at a price of USD 1 each and a deferred cash consideration of USD 110,000.

The value of PMR's net assets was determined to be Nil as at the date of the transaction, giving rise to a mineral asset of USD610,000 on the date of acquisition. As of the date of these unaudited condensed consolidated interim financial statements, the determination of the fair value of assets acquired and liabilities assumed is based on preliminary estimates at the date of acquisition.

14. PROPOSED TRANSACTION

On August 25, 2021, Diamond Fields Resources Inc. ("Diamond Fields" or "DFR"), a TSX Venture listed company, announced it has entered into Definitive Agreements in respect of the acquisition of interests in the Company and certain of its subsidiaries (the "Transaction") and, as consideration, issue DFR's common shares to the security holders of the Company.

The Transaction involves a combined restructuring of Moydow's shareholdings and a securities exchange with the current security holders of Moydow at the ratio of 16.46 DFR common shares for each Moydow common share and 8.93 DFR shares for each Moydow share option, so that DFR shall issue in aggregate 71,880,320 shares to the current security holders of Moydow (excluding shares held by Panthera Resources Plc.) as consideration for its interest in the Moydow's portfolio.

Following the Transaction, DFR will acquire:

- An 80% interest in Moydow, which owns an option (until May 27, 2024) to acquire 100% of the Labola (Wuo Land) licence against further payment of USD 1,000,000.

14. PROPOSED TRANSACTION (Continued)

At closing of the Transaction, DFR will be vested with an 80% indirect interest in the Labola Option with Panthera Resources Plc ("Panthera") holding a 20% carried interest. DFR will maintain its 80% interest on the condition that it invests USD 18,000,000 in the Labola project by September 30, 2026. If DFR were to make no investments in Labola during the specified period, subject to the exercise by Panthera of its buy back right (described below), its interest would decrease to no less than 60%. Panthera shall have the right to acquire an additional 10% holding in Labola on the earlier of (i) 90 days following DFR completing an investment of USD 18,000,000 in Labola; or (ii) 30 September 2026, by making a payment to DFR of up to USD 7,200,000, to be adjusted down based on DFR's actual investment in the Labola project during the specified period.

- A 40% indirect interest in the Kalaka (Mali) licence which is intended to be operated by Panthera which also holds 40% interest and the remaining 20% interest is held by a local company.

- A 10% indirect interest in 3 Nigeria mining licences owned by 3 different companies, with Panthera owning equally a 10% indirect interest, and the option (against certain payments) to jointly (DFR and PAT 50:50) own 65% of the Nigeria licenses. Moydow has, subsequent to the period end, met the qualifying expenditure of USD 1,000,000 to earn the First Option equivalent to a 51% interest in Gurara.

15. EVENTS AFTER THE REPORTING PERIOD

There has been no material event since the end of the reporting period which would require disclosure or adjustment to the condensed consolidated financial statements for the nine-months period ended September 30, 2021 except the following:

(i) On March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. This event is a significant event considering the spread of virus all over the world and the situation of lock-down around the world. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies. COVID-19 has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted.

As at the date of approval of the unaudited condensed consolidated interim financial statements, the COVID-19 crisis is still unfolding globally, and there will be some uncertainty remaining around the accurate assessment of the full impact of COVID-19 crisis or any prediction regarding the future course of events that would arise due to the COVID-19 crisis.

Management has made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of the unaudited condensed consolidated interim financial statements and confirm that they have not identified events or conditions that may cast doubt on the Company's ability to continue as a going concern;

(ii) On October 25, 2021, Diamond Fields Resources Inc. (DFR) announced a maiden Mineral Resource Estimate for the Company's Labola project, filed by DFR on SEDAR on December 3, 2021 (see DFR announcement dated August 25, 2021);

15. EVENTS AFTER THE REPORTING PERIOD (Continued)

(iii) In accordance with the provisions of the corporate joint venture agreement (the "Gurara JVA") pertaining to Gurara Holdings Limited. ("Gurara") (please refer to note 4 above), the Company has contributed additional considerations to increase its interests in Gurara Holdings Limited. After the end of the reporting period, the Company has met the USD 1,000,000 aggregate funding in Gurara Holdings Limited being the condition for the Company to exercise the First Option under the Gurara JVA. As such, the Company, as at the date of publishing this report, holds 51% participating interest in Gurara, and indirectly in 3 Nigeria companies holding exploration licences. Zinariya Mining Limited (''PW'') has acknowledged the contributions and the additional participating interest was issued and allotted to the Company.

(iv) Brian Kiernan has exercised the remaining 350,000 balance of the stock options previously awarded to him at an exercise price of USD 1 per option.

(v) On March 11, 2022, DFR announced that Moydow has entered an agreement to acquire an option over an exploration license ("Wuo Land 2") contiguous to the existing Labola license area. The Wuo Land 2 agreement allows the Company to have control of a full 30km strike length of identified mineralization surrounding Moydow's original Labola Project extending the footprint of the Labola Project by an additional 243km2.

The Wuo Land 2 Option is exclusive and can be exercised through the payment of USD 500,000 with the license holder retaining a net smelter royalty of 1% on all gold produced up to a total aggregate payment of USD 2,000,000. The USD 500,000 is payable in tranches with USD 200,000 due upon all the requirements of an escrow agreement to hold the Wuo Land 2 license being satisfied (the "Wuo Land 2 Closing Date"), USD 150,000 within 12 months of the Wuo Land 2 Closing Date and USD 150,000 within 18 months of the Wuo Land 2 Closing Date. The minimum expenditure requirement to keep the WUO Land 2 Property in good standing is USD 113,000 per annum.

Schedule J – Pro Forma Consolidated Statement of Financial Position as at September 30, 2021 and Pro Forma Consolidated Statement of profit or loss for the nine month period ended September 30, 2021 and the year ended December 31, 2020



DIAMOND FIELDS RESOURCES INC.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

DIAMOND FIELDS RESOURCES INC.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

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PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

	Diamond Fields Resources Inc.	Moydow Holdings Limited	Pro-forma adjustments	Notes	Pro-forma consolidated
	30 September 2021 USD	30 September 2021 USD	USD		30 September 2021 USD
ASSETS					
Non-current assets					
Property, plant and equipment	**-**	**42,986**	**-**		**42,986**
Investments in associates (Note 3)	**-**	**90,234**	**(90,234)**	8(b)	
			369,414	8(c)	
			(43,935)	8(d)	
			(122,961)	8(e)	
			305,000	8(i)	
			(507,518)	8(j)	**-**
Exploration and evaluation assets (Note 4)	**-**	**3,400,000**	**(2,790,000)**	8(a)	
			12,953,692	8(f)	
			(610,000)	8(i)	
			(12,953,692)	8(j)	**-**
Deferred acquisition cost	**-**	**648,593**	**(648,593)**	8(b)	**-**
Total non-current assets	**-**	**4,181,813**	**(4,138,827)**		**42,986**
Current assets					
Inventories	**-**	**5,696**	**-**		**5,696**
Other receivables	**29,189**	**-**	**245,922**	8(e)	
			(245,922)	8(e)	**29,189**
Cash and cash equivalents (Note 5)	**600,387**	**368,895**	**1,336,736**	8(g)	
			3,132,500	8(h)	**5,438,518**
Total current assets	**629,576**	**374,591**	**4,469,236**		**5,473,403**
Total assets	**629,576**	**4,556,404**	**330,409**		**5,516,389**

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

	Diamond Fields Resources Inc.	Moydow Holdings Limited	Pro-forma adjustments	Notes	Pro-forma consolidated
	30 September 2021 USD	30 September 2021 USD	USD		30 September 2021 USD
EQUITY AND LIABILITIES					
Equity					
Share capital (Note 6)	**56,848,151**	**6,984,550**	**(195,000)**	8(c)	
			10,547,160	8(f)	
			(6,484,550)	8(f)	
			1,336,736	8(g)	
			3,250,000	8(h)	
			(305,000)	8(i)	**71,982,047**
Warrants reserve	**-**	**1,050**	**(1,050)**	8(f)	**-**
Share-based option reserve	**4,175,556**	**530,598**	**(530,598)**	8(f)	**4,175,556**
Revenue deficits	**(60,846,011)**	**(3,828,880)**	**(2,790,000)**	8(a)	
			(174,413)	8(c)	
			(43,935)	8(d)	
			245,922	8(e)	
			(245,922)	8(e)	
			(122,961)	8(e)	
			6,793,294	8(f)	
			(13,461,210)	8(j)	**(74,474,116)**
Foreign currency translation reserve	**9,785**	**7,353**	**(7,353)**	8(f)	**9,785**
Owners' interests	**187,481**	**3,694,671**	**(2,188,880)**		**1,693,272**
Non-controlling interest	**-**	**-**	**2,636,789**	8(f)	**2,636,789**
Total equity	**187,481**	**3,694,671**	**447,909**		**4,330,061**
LIABILITIES					
Current liabilities					
Trade and other payables	**442,095**	**645,956**	**(117,500)**	8(h)	**970,551**
Borrowings	**-**	**105,777**	**-**		**105,777**
Deferred consideration	**-**	**110,000**	**-**		**110,000**
Total liabilities	**442,095**	**861,733**	**(117,500)**		**1,186,328**
Total equity and liabilities	**629,576**	**4,556,404**	**330,409**		**5,516,389**

The notes on pages 7 to 14 form an integral part of these pro forma consolidated financial statements.

PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

	Diamond Fields Resources Inc.	Moydow Holdings Limited	Pro-forma adjustments	Notes	Pro-forma consolidated
	30 September 2021 USD	30 September 2021 USD	USD		30 September 2021 USD
Continuing operations					
Other income					
Interest income	-	-	-		-
Gain on settlement of debt	-	-	-		-
	-	-	-		-
Exploration and evaluation:					
- Expenditures	**(420,632)**	**(1,605,080)**	**239,100**	8(e)	**(1,786,612)**
	(420,632)	**(1,605,080)**	**239,100**		**(1,786,612)**
Fair value movement on:					
- Derivative instruments	**14,392**	-	-		**14,392**
- Warrants	**510,522**	-	-		**510,522**
	524,914	-	-		**524,914**
Administrative expenses					
Directors' fees	**(196,875)**	-	-		**(196,875)**
Consultancy and professional fees	**(76,356)**	-	-		**(76,356)**
Share purchase warrants	-	**(1,050)**	-		**(1,050)**
Share-based compensation	-	**(182,867)**	-		**(182,867)**
Regulatory and legal fees	-	**(131,554)**	**6,718**	8(e)	**(124,836)**
Insurance	**(14,192)**	-	-		**(14,192)**
Investor relation	**(36,528)**	-	-		**(36,528)**
Management service agreement	-	**(135,000)**	-		**(135,000)**
Audit, accountancy and tax fees	**(34,389)**	-	-		**(34,389)**
Other administrative and general expenses	**(29,606)**	**(68,088)**	**104**	8(e)	**(97,590)**
	(387,946)	**(518,559)**	**6,822**		**(899,683)**
Finance cost					
Interest expense	**(15,123)**	-	-		**(15,123)**
Foreign exchange loss	**(3,348)**	**(27,217)**	-		**(30,565)**
	(18,471)	**(27,217)**	-		**(45,688)**

PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

	Diamond Fields Resources Inc.	Moydow Holdings Limited	Pro-forma adjustments	Notes	Pro-forma consolidated
	30 September 2021 USD	30 September 2021 USD	USD		30 September 2021 USD
Share of loss of associate	**-**	**(2,580)**	**(709)**	8(d)	
			(122,961)	8(e)	**(126,250)**
Loss before taxation	**(302,135)**	**(2,153,436)**	**122,252**		**(2,333,319)**
Income tax expense	**-**	**-**	**-**		**-**
Loss for the period	**(302,135)**	**(2,153,436)**	**122,252**		**(2,333,319)**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation difference	**(3)**	**7,353**	**-**		**7,350**
Other comprehensive income for the period	**(3)**	**7,353**	**-**		**7,350**
Total comprehensive loss for the period	**(302,138)**	**(2,146,083)**	**122,252**		**(2,325,969)**

PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Diamond Fields Resources Inc.	Moydow Holdings Limited	Pro-forma adjustments	Notes	Pro-forma consolidated
	31 December 2020 USD	31 December 2020 USD	USD		31 December 2020 USD
Continuing operations					
Other income					
Interest income	**10,352**	**-**	**-**		**10,352**
Gain on settlement of debt	**-**	**111,187**	**-**		**111,187**
	10,352	**111,187**	**-**		**121,539**
Exploration and evaluation:					
- Expenditures	**(238,691)**	**(140,365)**	**-**		**(379,056)**
- Reclassification of E&E assets	**-**	**-**	**(2,790,000)**	8(a)	
			(13,461,210)	8(j)	**(16,251,210)**
	(238,691)	**(140,365)**	**(16,251,210)**		**(16,630,266)**
Fair value movement on:					
- Derivative instruments	**437,482**	**-**	**-**		**437,482**
	437,482	**-**	**-**		**437,482**
Administrative expenses					
Directors' fees	**(262,500)**	**(47,247)**	**-**		**(309,747)**
Consultancy and professional fees	**(166,456)**	**-**	**-**		**(166,456)**
Share-based compensation	**(8,767)**	**(532,281)**	**-**		**(541,048)**
Regulatory and legal fees	**(7,630)**	**(136,121)**	**-**		**(143,751)**
Insurance	**(17,482)**	**-**	**-**		**(17,482)**
Investor relation	**(45,492)**	**-**	**-**		**(45,492)**
Management service agreement	**-**	**(155,729)**	**-**		**(155,729)**
Audit, accountancy and tax fees	**(39,333)**	**(25,000)**	**-**		**(64,333)**
Other administrative and general expenses	**(48,693)**	**(181,814)**	**-**		**(230,507)**
Loss on part disposal of associate	**-**	**-**	**(174,413)**	8(c)	**(174,413)**
	(596,353)	**(1,078,192)**	**(174,413)**		**(1,848,958)**
Finance cost					
Interest expense	**(56,107)**	**-**	**-**		**(56,107)**
Foreign exchange loss	**(235,345)**	**4,533**	**-**		**(230,812)**
	(291,452)	**4,533**	**-**		**(286,919)**

PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Diamond Fields Resources Inc.	Moydow Holdings Limited	Pro-forma adjustments	Notes	Pro-forma consolidated
	31 December 2020 USD	31 December 2020 USD	USD		31 December 2020 USD
Share of loss of associate	**-**	**(157,186)**	**(43,226)**	8(d)	**(200,412)**
Loss before taxation	**(678,662)**	**(1,260,023)**	**(16,468,849)**		**(18,407,534)**
Income tax expense	**-**	**-**	**-**		**-**
Loss for the year	**(678,662)**	**(1,260,023)**	**(16,468,849)**		**(18,407,534)**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation difference	**8,478**	**-**	**-**		**8,478**
Other comprehensive income for the year	**8,478**	**-**	**-**		**8,478**
Total comprehensive loss for the year	**(670,184)**	**(1,260,023)**	**(16,468,849)**		**(18,399,056)**

1. BASIS OF PREPARATION

The pro forma consolidated financial statements of **Diamond Fields Resources Inc.** ("DFR" or the "Company") have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The unaudited pro forma consolidated financial statements have been prepared in connection with the proposed acquisition whereby DFR will acquire 80% of the issued and outstanding common shares of Moydow Holdings Limited ("Moydow") (the "Transaction").

The unaudited pro forma consolidated statement of financial position as at 30 September 2021, and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the nine months period ended 30 September 2021 and for the year ended 31 December 2020, have been prepared in accordance with policies consistent with those set out in the notes to the audited annual financial statements for the year ended 31 December 2020. These pro forma consolidated financial statements have also been compiled from and include:

(a) An unaudited pro forma consolidated statement of financial position as of 30 September 2021 combining:

(i) The consolidated statement of financial position of the Company as at 30 September 2021; and

(ii) The consolidated statement of financial position of Moydow as at 30 September 2021.

(b) An unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the nine months period ended 30 September 2021 combining:

(i) The Company's consolidated statement of profit or loss and other comprehensive income for the nine months period ended 30 September 2021; and

(ii) The consolidated statement of profit or loss and other comprehensive income of Moydow for the nine months period ended 30 September 2021.

(c) An unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 combining:

(i) The audited consolidated statement of profit or loss and other comprehensive income of the Company for the year ended 31 December 2020; and

(ii) The audited consolidated statement of profit or loss and other comprehensive income of Moydow for the year ended 31 December 2020.

The unaudited pro forma consolidated statement of financial position as at 30 September 2021 reflects the acquisition as described in Note 2 below as if it was completed on 30 September 2021. The unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the nine months period ended 30 September 2021 and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 have been prepared as if the Transaction described in Note 2 had occurred on 1 January 2020.

The accounting policies used in the preparation of these consolidated statements are consistent with the Company's accounting policies for the year ended 31 December 2020. The Company has reviewed the accounting policies of Moydow and noted the only material difference with the Company's accounting policies was with regard to exploration and evaluation expenses. The consolidated statement of financial position of Moydow at 30 September 2021 and the consolidated statement of profit or loss and other comprehensive income of Moydow for the nine months period ended 30 September 2021 and year ended 31 December 2020 have been adjusted to reflect the Company's accounting policy on exploration and evaluation assets (refer Note 4 for policy).

1. BASIS OF PREPARATION (CONT'D)

The unaudited pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of the Company which would have actually resulted had the Transaction been effected on the dates indicated. Actual amounts recorded upon completion of the proposed Transaction will likely differ from those recorded in the unaudited pro forma consolidated financial statements. Any potential synergies that may be realized and integration costs that may be incurred upon completion of the transaction have been excluded from the unaudited pro forma financial statements. Furthermore, the pro forma financial statements are not necessarily indicative of the results of operations that may be obtained in the future.

2. DEFINITIVE AGREEMENTS AND NEW FINANCING

(i) Definitive Agreements

On August 25, 2021, the Company announced that it has entered into definitive agreements for the following transaction which is subject to approvals of the TSX Venture and shareholders of the acquiring company. The Transaction is expected to close in the second quarter of 2022 (the "Closing").

The Transaction involves a combined restructuring of Moydow's shareholdings and a securities exchange by the current security holders of Moydow other than Panthera Resources Plc. (PAT), at the ratio of 16.46 DFR common shares for each Moydow common share (the "Exchange Ratio") and 8.93 DFR shares for each Moydow share option, so that DFR shall issue in aggregate 71,880,320 common shares to the current security holders of Moydow as consideration for its stake in the Moydow's portfolio.

Following the Transaction, DFR will acquire:

- An 80% interest in Moydow, which owns an option (until May 27, 2024) to acquire 100% of the Labola (Wuo Land) licence against further payment of USD 1,000,000.

  At closing of the Transaction, DFR will be vested with an 80% effective interest in the project with Panthera Resources Plc ("PAT") holding a 20% carried interest. DFR will maintain its 80% interest on the condition that it invests USD 18,000,000 in the Labola project by September 30, 2026. If DFR were to make no investments in Labola during the specified period, subject to the exercise by PAT of its buy back right (described below), its interest would decrease to no less than 60%. PAT shall have the right to acquire an additional 10% holding in Labola on the earlier of (i) 90 days following DFR completing an investment of USD 18,000,000 in Labola; or (ii) 30 September 2026, by making a payment to DFR of up to USD 7,200,000, to be adjusted down based on DFR's actual investment in the Labola project during the specified period.

- A 40% indirect interest in the Kalaka (Mali) licence which is intended to be operated by PAT which also holds a 40% interest and the remaining 20% interest is held by a local company.

- A 10% indirect interest in 3 Nigeria mining licences owned by 3 different companies, with PAT owning equally a 10% indirect interest, and the option (against certain payments) to jointly (DFR and PAT 50:50) own 65% of the Nigeria licences. Moydow has subsequently achieved an aggregate of USD 1,000,000 qualifying expenditures in the Nigeria projects following the nine-months ended September 30, 2021, hence is entitled to a 51% interest in the Nigerian assets, of which DFR will own 25.5% after Closing.

2. DEFINITIVE AGREEMENTS AND NEW FINANCING (CONT'D)

(i) Definitive Agreements (Cont'd)

Founder Investments USD 2,750,000

In connection with the Transaction, Brian Kiernan and Spirit Resources SARL ("Spirit") have executed subscription agreements with DFR and otherwise agreed to invest a combined USD 2,750,000 million as part of the Transaction ("Founder Investments"), out of which USD 1,413,264 have already been executed as at the date of the Pro-forma Consolidated Financial statements by way of exercise of 10,666,667 DFR warrants at an exercise price of C$0.125 per warrant by Spirit for a consideration of USD 1,063,264 and the exercise of 350,000 Moydow options by Brian Kiernan at an exercise price of USD1 per option for a consideration of USD 350,000.

The balance USD 1,336,736 have been subscribed at USD 0.217 per share to be issued upon Closing.

(ii) New Financing of USD 3,250,000

On March 11, 2022, the Company announced completing a new financing consisting of a private placement to raise USD 3,250,000 in equity at a price of C$ 0.20, out of which USD 3,132,500 shall be settled in cash and the difference of USD 117,500 through the net-off of accruals arising on provision of services in consideration for 20,637,500 shares (the "New Financing"), subject to certain approvals to be voted during a special meeting of shareholders. DFR has also provided an update regarding the 210,000 Moydow warrants announced as part of the Definitive Agreements on August 25, 2021 which have not been exercised and have consequently lapsed. As part of the New Financing, DFR has entered into subscription agreements with several parties including:

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

Assuming closing of the Transaction, the Founder Investments and the New Financing, the current shareholders of DFR will own 56.4% and new shareholders will own 43.6% of the DFR issued and outstanding common shares.

3. INVESTMENTS IN ASSOCIATES

Maniger Ltd

	Period ended 30 September 2021 USD
At 01 January 2021	-
Acquisition through asset acquisition (refer to note 7 below):	
- Panthera Mali Resources SARL ("PMR")	**305,000**
- Gurara Holdings Limited ("Gurara")	**369,414**
	674,414
Share of loss of associates	**(166,896)**
Reclassification to E&E costs	**(507,518)**
Net book value at 30 September 2021	**-**

4. EXPLORATION AND EVALUATION ASSETS

		Period ended 30 September 2021 USD
(a)	***Cost***	
	At 01 January 2021	-
	Acquisition through asset acquisition (refer to note 7 below)	**12,953,692**
	Reclassification of E&E costs	**(12,953,692)**
	Net book value at 30 September 2021	-

(b) **Significant accounting policies**

Exploration and evaluation assets

(i) ***DFR***

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.

(ii) ***Moydow***

Exploration and Evaluation assets ("E&E") represent payment for a separately acquired option to obtain legal rights to explore, and hence, are capitalised as intangible assets. The Company's properties are all currently in the Exploration and Evaluation stage. 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

5. CASH AND CASH EQUIVALENTS

Giving effect to the Transaction at the beginning of the respective reporting periods, cash balance would have been as follows:

	Period ended 30 September 2021 USD
Cash as reported on the published financial statements	**600,387**
Cash balance of Moydow	**368,895**
Founders' Investments[1]	**1,336,736**
New Financing[2]	**3,132,500**
Cash balance after giving effect to the Transaction	**5,438,518**

5. CASH AND CASH EQUIVALENTS (CONT'D)

[1]Founder Investments for 2021 include USD 900,000 with respect to Brian Kiernan and USD 436,736 Spirit.

[2]On March 11, 2022, the Company announced the New Financing, raising an aggregate of USD 3,250,000 equity at a price of C$ 0.20 per share (see note 2 above). Out of the USD 3,250,000 New Financing, USD 3,132,500 was settled in cash and the difference of USD 117,500 through the net-off of accruals arising on provision of services.

6. SHARE CAPITAL

	Period ended 30 September 2021	
	Number of shares	**USD**
Opening balance January 1, 2020	67,895,662	**55,633,167**
Shares issued – announced 13 February 2020 (see note (i))	1,000,000	**151,720**
Balance prior to giving effect to the Transaction	68,895,662	**55,784,887**
Changes pursuant to the Transaction:		
Founders' Investments (see note (ii))	6,160,073	**1,336,736**
Issuance of shares on exercise of warrants (note (ii))	10,666,667	**1,063,264**
Consideration for the acquisition of Moydow (note (iii))	71,880,320	**10,547,160**
Issuance of shares under New Financing (note (iv))	20,637,500	**3,250,000**
Closing balance	**178,240,222**	**71,982,047**

(i) On 13 February 2020, the Company announced the completion of a working capital financing through the issuance of 1,000,000 common shares at a price of C$0.20 per share for gross proceeds of C$200,000 (equivalent to USD 151,720).

(ii) Pursuant to the Founders' Investments agreements, Spirit Resources SARL ("Spirit") and Brian Kiernan ("Kiernan") shall invest USD 1,500,000 each as follows:

- Spirit shall exercise the 10,666,667 warrants (with an exercise price of USD 0.097) it holds in DFR (the "DFR Warrants") and subscribe for USD 436,736 worth DFR common shares to be issued at a price of USD 0.217 on Closing;
- Kiernan shall exercise the balance 350,000 share options (with an exercise price of USD 1 per option) he holds in Moydow, which together with the 250,000 share options already exercised aggregate to USD 600,000 (the "Kiernan Options"). Kiernan shall subscribe for USD 900,000 worth DFR shares to be issued at the price of USD 0.217 per share on Closing.

Spirit has exercised the DFR Warrants for a consideration of USD 1,063,264 (on 10 September 2021) and Brian Kiernan has exercised the Kiernan Options during the third and fourth quarter 2021.

As a result, upon Closing, Spirit will subscribe for 2,012,608 DFR shares at a price of USD 0.217 per share and Kiernan will subscribe for 4,147,465 DFR shares at a price of USD 0.217 per share, providing in aggregate USD 1,336,736 working capital to the Company on Closing in consideration for 6,160,073 shares.

(iii) Pursuant to the Transaction, the capital of Moydow shall be restructured concurrently with a securities exchange with the security holders of Moydow at the ratio of 16.46 DFR common shares for each Moydow common share (the "Exchange Ratio") and 8.93 DFR shares for each Moydow share option, so that DFR shall issue in aggregate 71,880,320 shares at a deemed price of C$ 0.185 to the current security holders of Moydow as consideration for its stake in the Moydow's portfolio.

6. SHARE CAPITAL (CONT'D)

(iv) On March 11, 2022, the Company announced the New Financing which consists of a private placement to raise USD 3,250,000 in equity at a price of C$ 0.20 per share, in consideration for 20,637,500 shares (see note 2 above).

(v) After the reporting period, DFR issued 700,000 additional shares upon the exercise of options at an exercise price of C$ 0.145 each.

7. ASSET ACQUISITION

As announced on August 25, 2021 and disclosed in note 2 above, the Transaction, which is subject to approvals of the TSX Venture and shareholders of Diamond Fields, involves the takeover of certain Moydow assets, a restructure of Moydow's shareholding and, as consideration, the exchange of 4,150,000 Moydow shares and 400,000 Moydow options into DFR shares at exchange ratios of 16.46 and 8.93 respectively, that is 71,880,320 DFR shares in aggregate.

As described in more details under note 2 to the pro-forma consolidated financial statements, following Closing, DFR will be vested with the following interest in the Moydow assets:

- Acquisition of a right to an 80% controlling stake (subject to certain conditions – please refer to note 2) in an advanced exploration stage gold project, namely Labola, in Burkina Faso;
- 40% joint venture interest in the Kalaka projects located in Mali; and
- 10% joint venture interest in 3 gold projects in Nigeria. The interest has increased to 25.5% following qualifying expenditure of USD 1,000,000 by Moydow to achieve the first option.

As of the date of this pro forma consolidated financial statements, the determination of the fair value of assets acquired and liabilities assumed is based on preliminary estimates at 30 September 2021. The Transaction is expected to close during the second quarter of 2022.

As the acquisition of Moydow does not qualify as a business combination according to the definition in IFRS 3 *Business Combinations*, the arrangement has been accounted for as an asset acquisition with the preliminary purchase price being allocated based on the estimated fair value of Moydow's assets and liabilities summarized as follows:

	USD
Fair value of consideration paid	
Issue of common shares	10,547,160
Cash consideration	-
Total consideration	10,547,160
Non-controlling interest	2,636,789
Grossed-up consideration	**13,183,949**

The allocation of the purchase price based on the relative fair value of assets acquired and liabilities assumed at that date was as follows:

	USD
Property, plant and equipment	42,986
Investments in associates (refer to note (i) below)	674,414
Exploration and evaluation assets (refer to note (i) below)	12,953,692
Inventories	5,696
Cash and cash equivalents	368,895
Trade and other payables	(645,957)
Borrowings	(105,777)
Deferred consideration	(110,000)
Net assets acquired	**13,183,949**

7. ASSET ACQUISITION (CONT'D)

(i) Consideration – Issue of common shares

The consideration represents the value of the 71,880,320 DFR shares to be issued to Moydow's security holders based on DFR's stock trading price on the TSX V prior to trading halt on August 24, 2021, that is C$ 0.185 at a rate of exchange of 1 CAD = 0.793 USD. At the date of these proforma consolidated financial statements, trading on the TSX V had not yet resumed.

Purchase price allocation

The following values have been attributed to the net assets / interests acquired:

- Mali : 50.0% indirect interest in Panthera Mali Resources SARL (the "Kalaka project") with a deemed value of USD 305,000; and
- Nigeria : 25.5% indirect interest in Gurara Holdings Limited valued USD 369,414;
- Burkina Faso : 80% indirect interest in the Labola project (the "Labola Option ") with a deemed value of USD 12,953,692. As per the Definitive Agreements, DFR will on Closing be vested with a 80% interest on the condition that it invests USD 18,000,000 in the Labola project by September 30, 2026. If DFR were to make no investments in Labola during the specified period, subject to the exercise by Panthera of its buy back right (described under note 2 above), its interest would decrease to no less than 60%.

8. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma consolidated financial statements reflect the following adjustments:

(a) To reclassify exploration and evaluation assets of Moydow amounting to USD 2,790,000 at 31 December 2020 in order to align its accounting policy on mineral assets with that of DFR.

(b) To record the transfer of Gurara from the investment in associate amounting to USD 738,828 to investment in subsidiary on achieving the USD 1,000,000 qualifying expenditures milestone. The USD 738,827 is made up of USD 90,234 and USD 648,593 representing the carrying amount of the associate and deferred acquisition cost, respectively.

(c) To record the transfer of 51% shareholding in Gurara amounting to USD 738,827 to Maniger Ltd, an associate in which PAT holds 50% and the remaining 50% is held by DFR. Thus, the effective holding of DFR in Gurara would be 25.5%. DFR recorded, through Maniger Ltd, the associate at USD 369,414. Moydow recorded a loss on disposal of USD 174,413 on the remaining part ceded to PAT, through Maniger Ltd. PAT financed this acquisition through the cancellation of part of its shareholding in Moydow amounting to USD 195,000.

(d) To record share of additional loss in the associate Gurara amounting to USD 709 at 30 September 2021 (31 December 2020: USD 43,226) when the shareholding increased from 20% to 25.5%.

(e) To record reversal of expenses related to PMR amounting to USD 245,922 at 30 September 2021 when PMR ceased to be a subsidiary. And recognition of share of loss amounting to USD 122,961 at 30 September 2021 when PMR turned into an associate. The receivable of USD 245,922 was subsequently impaired as irrecoverable.

(f) To record the acquisition of Moydow for a total consideration of USD 10,547,160 (by way of issue of DFR shares) for identifiable net assets amounting to USD 230,257. The grossed-up consideration was USD 13,183,949 and the acquisition gave rise to E&E assets of USD 12,953,692 and a non-controlling interest of USD 2,636,789.

8. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS (CONT'D)

(g) To record the founder investments of USD 1,336,736 under the Definitive Agreements.

(h) To record the New Financing arrangement of USD 3,250,000. Out of this amount, USD 3,132,500 will be received in cash and the remaining USD 117,500 would be through the net-off of accruals arising on provision of services.

(i) To record the transfer of 100% shareholding in PMR (Kalaka project) to Maniger Ltd, an associate in which PAT holds 50% and the remaining 50% is held by DFR. Thus, the effective holding of DFR in PMR would be 50%. DFR recorded, through Maniger Ltd, the associate at USD 305,000. PAT financed this acquisition through the cancellation of part of its shareholding in Moydow amounting to USD 305,000.

(j) To reclassify the exploration and evaluation assets arising on acquisition of Moydow amounting to USD 12,953,692 and investments in associate Maniger Ltd (which holds a share of the E&E assets of PMR and Gurara) amounting USD 507,518 at 31 December 2020 to align its accounting policy on mineral assets with that of DFR.