

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1. Name and Address of Company

DIAMOND FIELDS RESOURCES INC. (the “**Company**” or “**DFR**”)
Lot 223, Le Mahe
Beau Vallon, Mauritius 50810

Item 2. Date of Material Change

The material change took place on August 24, 2021.

Item 3. News Release

The News Release was disseminated on August 25, 2021.

Item 4. Summary of Material Change

The Company announced that it had entered into definitive agreements to acquire privately owned Moydow Holdings Limited (“**Moydow**”) (the “**Transaction**”) which holds interests in a number of West African gold exploration projects. The Transaction is expected to close in the first quarter of 2022 and is subject to approval by the TSX Venture Exchange, required shareholder approvals, and completion of satisfactory confirmatory due diligence by DFR.

Item 5. Full Description of Material Change

Transaction Highlights

- Acquisition of a right to an 80% controlling stake in an advanced exploration stage gold project, Labola, in Burkina Faso – a highly prospective project with more than 65,500 meters of historical drilling. A recently completed RC drilling campaign is expected to lead to publication of a maiden resource estimate prepared in accordance with NI 43-101 before the end of the year;
- Additional exposure to minority, joint venture interests in projects located in Mali (Kalaka – 40%) and Nigeria (up to 32.5%), providing multi-stage exploration prospects;
- Continuing exposure to DFR’s high grade zircon project, Beravina and Namibian offshore diamond resources;
- Combination of management from Moydow and DFR to create a strengthened technical team with significant expertise in developing gold projects led by Brian Kiernan and David Reading; and
- New equity funding in Moydow and DFR totaling US\$2.75m from key shareholders, Jean-Raymond Boule and Brian Kiernan, to eliminate existing debt in DFR, fund exploration of the properties and for working capital purposes.

Overview of Moydow

Moydow is a privately owned, BVI registered, West African focused gold exploration business, which was formed in 2019. It acquired its interests in the Labola project (Burkina Faso) and the

Kalaka project (Mali) from AIM-listed Panthera Resources Plc ("**Panthera**") in 2020 and 2021 respectively.

At closing of the Transaction ("**Closing**"), Moydow will be majority-controlled by DFR through the acquisition (and exchange) of Moydow shares currently owned by Brian Kiernan, an experienced gold industry entrepreneur, and several other minority shareholders, including Al Gourley, Chairman of DFR (together "**the Minority Shareholders**"). A restructuring of the Panthera shareholding in Moydow will result in the project interests set out below.

Labola – Burkina Faso (DFR 80% Interest at Closing; Panthera 20%)

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. Labola is approximately 370km west-southwest of Ouagadougou, and 100km northeast of the Wahgnion gold mine, operated by Endeavour Mining. Significant historic exploration data, as well as recent work by Moydow mean that a maiden resource estimate prepared in accordance with NI 43-101 is expected to be filed before the end of 2021.

Moydow currently holds an exclusive option until 27 May 2024 to purchase 100% of the license holder's interest in the Wuo Land (Labola) exploration license through the payment of US\$1.0m. 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 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 US\$2.0m.

At Closing, following a restructuring of the interests of Moydow and Panthera, DFR will be vested with an 80% effective interest in the project with Panthera holding a 20% carried interest. DFR will maintain its 80% interest on the condition that it invests US\$18.0m in the project by 30 September 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 \$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.

Moydow has benefited 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.

More than 65,500m of drilling (541 holes) has been 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.

Moydow has recently 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 4,740m of RC drilling, with assay results expected in Q3 2021. The twin drilling and exploration programs are expected to confirm the historic database, outline some potential new extensions, and support efforts aiming to report a maiden resource estimate prepared in accordance with NI 43-101.

The drill program comprises twin drilling of 19 holes in two areas of known, high grade mineralization, 7 infill holes as well as 5 exploration drill holes to test potential extensions. Gold mineralization at Labola is related to quartz veining, areas of silica alteration and disseminated pyrite. A previous ground IP survey highlighted the coincidence between mineralized zones and high chargeability (sulfides) and resistivity (quartz veining and silicification) anomalies. This correlation outlines many additional opportunities for resource expansion drilling in the future.

The twin drill program will examine the coarse gold component of the mineralization via the accelerated cyanide leach technique "**LeachWell**". This assay method will involve full leaching of larger samples to test for coarse and fine free gold so that a comparison can be undertaken with historical results. Historical artisanal activity indicates that the Labola deposit has a significant amount of free gold which historical assay data may not have fully recognized.

Following completion of the current exploration drilling program, a maiden resource estimate is targeted, followed by further infill and extensional drilling, metallurgical, plant and infrastructure studies with a view to the preparation of a Preliminary Economic Assessment.

The Company notes the recent security concerns related to north-east Burkina Faso. Whilst Labola is located in the south-west of the country, in an area less prone to instability, the safety and security of all employees and contractors is of the upmost importance. DFR will therefore closely monitor developments in country and will take appropriate actions as required.

Kalaka – Mali (DFR 40% interest at Closing; Panthera 40%)

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. The local participant is also entitled to a gross royalty capped at US\$3m in total.

Other Projects (DFR 10% interest at Closing, earning up to 32.5%)

Moydow also holds 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. 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 10% interest in these projects and, together, they can earn up to a 65% combined interest (32.5% each) by funding US\$2m in total project expenditures 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 completed on the projects through the expenditure of approximately US\$783,000 to date.

Transaction Structure, Founder Investments and Ongoing Rights

DFR and Panthera have entered into an implementation agreement dated August 24, 2021 (the "**Go-Forward Agreement**") pursuant to which both parties, subject to conditions (as described in more detail below), have agreed to carry out the steps required to implement the Transaction. DFR and Brian Kiernan have entered into a share exchange agreement dated August 24, 2021 (the "**Kiernan Exchange Agreement**") pursuant to which Brian Kiernan has agreed, subject to conditions, to sell to DFR all ordinary shares of Moydow held by him in exchange for common shares of DFR on the basis of one common share of Moydow for 16.46 common shares of DFR (the "**Exchange Ratio**"). Separately, DFR has entered into share exchange agreements (on the same terms as the Kiernan Exchange Agreement) with each of the Minority Shareholders and options exchange agreements with each holder of management options to acquire all of the remaining securities in Moydow other than those retained by Panthera.

In connection with the Transaction, Brian Kiernan and Jean-Raymond Boule, through Spirit Resources SARL ("**Spirit**"), have executed subscription agreements with DFR and otherwise agreed to invest a combined US\$2.75m as part of the Transaction ("**Founder Investments**") as follows:

- 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 in DFR by way of a subscription for 4,147,465 common shares of DFR at a price per common share of US\$0.217 (the “**Kiernan Subscription**”) conditional on the closing of the Transaction. The exercise of the Moydow Options and the Kiernan Subscription, together with a recent exercise of US\$250,000 Moydow Options by Brian Kiernan, will result in an aggregate capital contribution of US\$1.5m.
- Jean-Raymond Boulle, via Spirit, will invest US\$1.5m 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) (the “**Warrant Exercise**”) and an additional investment of US\$436,736 at a price per common share of US\$0.217 (the “**Spirit Subscription**”) conditional on closing of the Transaction.

The funds received from the Warrant Exercise will be used to repay an existing US\$1,000,000 loan, as well as interest amounting to US\$15,123 thereon, held by Spirit with the remaining funds received pursuant to the Founder Investments to be used for working capital.

In addition, Brian Kiernan, Spirit and Panthera hold warrants to subscribe to up to 70,000 Moydow shares each at a price of US\$3.50 per share until 31 December 2021 (the “**Moydow Warrants**”). Any shares acquired pursuant to the exercise of the Moydow Warrants will convert to shares in DFR at the Exchange Ratio on Closing.

Assuming completion of the Transaction and Founder Investments and all Moydow Warrants having been exercised prior to Closing, existing DFR and Moydow shareholders will own approximately 57.4% and 42.6%, respectively, of the DFR common shares immediately following completion. Under the Kiernan Exchange Agreement and the other exchange agreements with the minority security holders of Moydow, an aggregate of 4,150,000 Moydow shares will be exchanged for an aggregate 68,309,000 newly issued DFR shares, and 400,000 Moydow options will be exchanged for an aggregate 3,571,320 DFR shares. Assuming exercise of all Moydow Warrants, DFR will issue to the warrant holders an aggregate of 3,456,600 DFR shares. Following completion of the Transaction, Founder Investments and assuming exercise of all of the Moydow Warrants, Jean-Raymond Boulle will hold (through Spirit) 42.8% of DFR’s outstanding shares and Brian Kiernan will hold 37.5% of DFR’s outstanding shares.

Under the terms of the Kiernan Exchange Agreement, Brian Kiernan will be appointed as a Director, and Chairman of DFR at Closing. As long as Brian 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 nominees on the DFR board of directors. If Brian Kiernan beneficially owns, directly or indirectly, at least 10% but less than 25% of the issued and outstanding DFR Shares, Mr Kiernan shall only be entitled to one nominee on the Board of Directors. Given Brian Kiernan’s long-term commitment to the Company, the consideration shares to be received by Mr Kiernan will be subject to a 30 month hold period from the time of Closing, during which time they cannot be sold, transferred, pledged, assigned or disposed of.

Transaction Approvals and Timeline

DFR expects the Transaction to constitute a Fundamental Acquisition under policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* of the TSX Venture Exchange (the “**TSX-V**”).

The terms of the Transaction have been approved by the Board of Directors of DFR. Certain DFR directors with an interest in Moydow abstained from voting on the Transaction in accordance with applicable law, namely, Messrs. Gourley and Reading. Pursuant to the terms of the Go-Forward Agreement, the closing of the Transaction is subject to a number of conditions including: the approval of the Transaction by the TSX-V, any shareholder approvals required by the TSX-V (including shareholder approval of Brian Kiernan as a new “**control person**” of DFR in accordance with the rules of the TSX-V) and satisfactory confirmatory due diligence by DFR.

Under the rules and policies of the TSX-V and applicable Canadian securities laws, DFR will prepare and file on SEDAR a technical report in respect of the Labola project in accordance with NI 43-101. A shareholder meeting may be required by the TSX-V to approve the Transaction. 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.

DFR confirms that, notwithstanding the fact that certain shareholders and directors of the Company also hold shares of Moydow and a director of Moydow is also a director of DFR, DFR has carried out an analysis under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) and confirms that the Transaction is not a related party transaction under MI 61-101. The Spirit Subscription is considered a related party transaction under MI 61-101 due to the fact that Spirit is a major shareholder of and a related party to DFR. The Spirit Subscription is exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 (pursuant to subsections 5.5(b) and 5.7(a)) on the basis that the Company is not listed on a specified market and the fair market value of the common shares to be issued to Spirit does not exceed 25% of DFR’s current market capitalization. The Spirit Subscription was approved by the Company’s independent directors.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

Management and Board

Upon completion of the Transaction the following changes will be made to the Board of the Company:

- Brian Kiernan will be appointed as a Non-Executive Director and Chairman and Len Comerford and Carlo Baravalle will be appointed as Non-Executive Directors.
- Sybrand van der Spuy will continue as a Director of DFR and Al Gourley, David Reading, and Bertrand Boule will continue as Non-Executive Directors of the Company. Philip Murphy, Norman Baker and Francois Collette will resign as Non-Executive Directors of DFR.

Sybrand Van Der Spuy and Jean Lindberg Charles will continue as Chief Executive Officer and Chief Financial Officer of the Company respectively.

Following Closing, the Officers and Directors of the Company will be comprised as follows:

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.

Sybrand van der Spuy: CEO, President 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 Iluka 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 Boule: Non-Executive Director

Bertrand Boule 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 Boule 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.

David J Reading, M.Sc., FIMM, a director of DFR and a Qualified Person as defined under Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“**NI 43-101**”), has prepared or supervised the preparation of, or approved, as applicable, the technical information contained in this material change report. Mr. Reading has over 40 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 and of the Society of Economic Geologists.

The Go-Forward Agreement and the Kiernan Exchange Agreement have been filed on the Company's SEDAR profile at www.sedar.com as material contracts with this material change report.

Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Confidentiality is not requested.

Item 7. Omitted Information

No information has been omitted in respect of the material change.

Item 8. Executive Officer

Sybrand Van Der Spuy, President & C.E.O.
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Item 9. Date of Report

August 31, 2021