



**Damara Gold Corp.**

**Condensed Consolidated Interim Financial Statements (un-audited)**

**October 31, 2019**

**Expressed in Canadian Dollars**

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**DAMARA GOLD CORP.**

Three Months ended October 31, 2019 and 2018  
(Expressed in Canadian Dollars)

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**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

For further information please contact:

Lawrence Nagy, CEO or

Terese Gieselman, CFO

(250) 717-1840

**DAMARA GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

As at October 31, 2019 and July 31, 2019

Expressed in Canadian Dollars

	Note	October 31 2109	July 31 2019
<b>ASSETS</b>			
Current			
Cash and cash equivalents		\$ 65,216	\$ 80,524
Prepays		6,019	394
Receivables	5	23,269	22,783
<b>Total Assets</b>		<b>\$ 94,503</b>	<b>\$ 103,701</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current			
Trade and other payables	6,10	28,872	18,290
<b>Shareholders' Equity</b>			
Share Capital	7	31,692,281	31,692,281
Contributed surplus		1,419,262	1,419,262
Deficit		(33,045,912)	(33,026,132)
<b>Total Shareholders' Equity</b>		<b>65,631</b>	<b>85,411</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 94,503</b>	<b>\$ 103,701</b>

Approved on behalf of the Board of Directors by:

/s/ Lawrence Nagy  
Lawrence Nagy, Director

/s/ William Yeoman  
William Yeoman, Director

See notes to condensed consolidated interim financial statements.

**DAMARA GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (un-audited)**

For the three months ended October 31

Expressed in Canadian Dollars

	Note		2019		2018
<b>Expenses</b>					
Administrative and general	10	\$	19,780	\$	70,008
<b>Net loss and comprehensive loss for the period</b>		\$	(19,780)	\$	(70,008)
<b>Loss per share for the period - basic and diluted</b>	12	\$	(0.00)	\$	(0.00)

See notes to condensed consolidated interim financial statements.

**DAMARA GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (un-audited)**

For the three months ended October 31

Expressed in Canadian Dollars

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
<b>Balance July 31, 2018</b>	<b>26,312,579</b>	<b>\$ 31,692,281</b>	<b>\$ 1,419,262</b>	<b>\$ (32,804,510)</b>	<b>\$ 307,033</b>
<b>Net loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(70,008)</b>	<b>(70,008)</b>
<b>Balance October 31, 2018</b>	<b>26,312,579</b>	<b>\$ 31,692,281</b>	<b>\$ 1,419,262</b>	<b>\$ (32,874,518)</b>	<b>\$ 237,025</b>

  

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
<b>Balance July 31, 2019</b>	<b>26,312,579</b>	<b>\$ 31,692,281</b>	<b>\$ 1,419,262</b>	<b>\$ (33,026,132)</b>	<b>\$ 85,411</b>
<b>Net loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,780)</b>	<b>(19,780)</b>
<b>Balance October 31, 2019</b>	<b>26,312,579</b>	<b>\$ 31,692,281</b>	<b>\$ 1,419,262</b>	<b>\$ (33,045,912)</b>	<b>\$ 65,631</b>

See notes to condensed consolidated interim financial statements.

**DAMARA GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (un-audited)**

For the three months ended October 31

Expressed in Canadian Dollars

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (19,780)	\$ (70,008)
Changes in non-cash working capital		
Receivables	(485)	(3,002)
Prepaid expenses and advances	(5,625)	3,161
Trade and other payables	10,582	(2,208)
<b>Cash used in operating activities</b>	<b>(15,308)</b>	<b>(72,056)</b>
<b>Decrease in cash during the period</b>	<b>(15,308)</b>	<b>(72,056)</b>
<b>Cash beginning of period</b>	<b>80,524</b>	<b>339,261</b>
<b>Cash end of period</b>	<b>\$ 65,216</b>	<b>\$ 267,205</b>

Supplemental Disclosure with Respect to Cash Flows (Note 11)

See notes to condensed consolidated interim financial statements.

## **DAMARA GOLD CORP.**

Notes to Condensed Consolidated Interim Financial Statements  
For the Three Months Ended October 31, 2019 and 2018  
(Expressed in Canadian Dollars)

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### **1. NATURE OF OPERATIONS**

Damara Gold Corp. (“Damara” or the “Company”) was incorporated on August 1, 1989 under the *Business Corporations Act* of British Columbia as Solomon Resources Limited. On September 30, 2014, the Company changed its name to Damara Gold Corp. Effective October 1, 2014 the Company commenced trading on the TSX Venture Exchange (the “Exchange”) under the symbol “DMR” as a Tier 2 issuer.

The Company is in the business of identifying and acquiring prospective and under-explored gold properties worldwide. The Company’s corporate head office is at Suite 335 – 1632 Dickson Ave, Kelowna, BC V1Y 7T2.

### **2. BASIS OF PREPARATION AND GOING CONCERN**

These condensed consolidated interim financial statements for the three-month period ended October 31, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2019 annual financial statements which 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.

The preparation of condensed consolidated interim financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 4. The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on December 19, 2019.

The condensed consolidated interim financial statements are presented in Canadian dollars (“CDN”), which is the Company’s and its subsidiaries’ functional currency.

#### **Going Concern**

The Company has not yet achieved profitable operations. These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company had a net loss of \$19,780 for the three months ended October 31, 2019 (2018 - \$70,008) and has accumulated a deficit of \$33,045,912 (July 31, 2019 - \$33,026,132) since inception.

The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company’s operating and mineral property commitments as they come due and to finance which has been funded primarily by the issuance of equity. The Company’s ability to continue its operations is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs in the future. Although the Company has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These conditions indicate the existence of material uncertainties, which casts significant doubt about the Company’s ability to continue as a going concern.

No adjustments to the carrying values of the assets and liabilities have been made in these consolidated financial statements. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis, which may differ materially from the going concern basis.

**DAMARA GOLD CORP.**

Notes to Condensed Consolidated Interim Financial Statements  
For the Three Months Ended October 31, 2019 and 2018  
(Expressed in Canadian Dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and subsidiaries that were held in prior years that are no longer active and were dissolved. All prior year significant intercompany balances and transactions were eliminated on consolidation.

**Adoption of IFRS 16***IFRS 16 Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. The Company has adopted this new standard on July 1, 2019. The adoption of this new standard had no impact on the Company's condensed consolidated interim financial statements.

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these consolidated financial statements are discussed below.

**Critical Judgments***Going Concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**5. RECEIVABLES**

Receivables include input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada as follows:

	<b>October 31</b>		<b>July 31</b>
	<b>2019</b>		<b>2019</b>
GST receivable	\$ 2,269	\$	1,783
Other	21,000		21,000
	<b>\$ 23,269</b>	<b>\$</b>	<b>22,783</b>

**DAMARA GOLD CORP.**

Notes to Condensed Consolidated Interim Financial Statements  
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**6. TRADE AND OTHER PAYABLES**

	<b>October 31 2019</b>	<b>July 31 2019</b>
Trade payables	\$ 22,192	\$ 15,627
Due to related parties - Note 10	6,681	2,663
<b>Total</b>	<b>\$ 28,872</b>	<b>\$ 49,740</b>

During the year ended July 31, 2018 the Company settled trade payables with a third-party vendor resulting in a gain on settlement of debt of \$10,169.

**7. SHARE CAPITAL****(a) Authorized Share Capital**

The Company's authorized share capital consists of an unlimited number of common shares without par value.

**(b) Common Shares**

There were no shares issued during the three months ended October 31, 2019 and the year ended July 31, 2019.

**(c) Share Purchase Warrants**

The following is a summary of changes in warrants from July 31, 2018 to October 31, 2019:

	<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Weighted Average Exercise Price</b>
<b>Balance at July 31, 2019 and October 31, 2019</b>	<b>10,957,351</b>	<b>-</b>	<b>\$0.13</b>

As at October 31, 2019 the share purchase warrants have a weighted average remaining contractual life of 1.09 (July 31, 2019 – 1.34) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
January 18, 2021	\$0.15	1,475,000
March 2, 2021	\$0.15	4,482,351
August 31, 2020	\$0.10	5,000,000
<b>Total</b>		<b>10,957,351</b>

**8. SHARE-BASED PAYMENTS****(a) Option Plan Details**

The Company has an incentive stock option plan (the "Plan") that allows it to grant share purchase options to its employees, directors, consultants and management company employees. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the Exchange (currently \$0.05). The Plan allows for a maximum of 10% of outstanding shares to be issued under the Plan. The Plan is subject to annual shareholder approval.

**DAMARA GOLD CORP.**

Notes to Condensed Consolidated Interim Financial Statements  
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**8. SHARE-BASED PAYMENTS (cont'd)****(a) Option Plan Details (cont'd)**

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or management company employee, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of the death of an optionee, the options terminate at the earlier of twelve months after the date of death and the expiration of the option period. Vesting of options is determined by the Board of Directors at the time the options are granted. Options issued to consultants providing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

Stock option activity from August 1, 2019 to October 31, 2019 was as follows:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Expired	Closing Balance	Vested and Exercisable
27-Jul-16	27-Jul-21	\$0.05	1,150,00	-	-	1,150,000	1,150,000
Weighted Average Exercise Price			\$0.05	-	-	\$0.05	\$0.05
Weighted Average Life Remaining (years)			1.99	-	-	1.74	1.74

Stock option activity from August 1, 2018 to July 31, 2019 was as follows:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Expired	Closing Balance	Vested and Exercisable
27-Jul-16	27-Jul-21	\$0.05	1,425,000	-	(275,000)	1,150,000	1,150,000
Weighted Average Exercise Price			\$0.05	-	\$0.05	\$0.05	\$0.05
Weighted Average Life Remaining (years)			2.99	-	-	1.99	1.99

**(b) Fair Value of Options Granted During the Year**

There were no options granted during the three months ended October 31, 2019 and 2018.

**9. ADMINISTRATIVE AND GENERAL EXPENSES**

	Note	Three Months Ended October 31	
		2019	2018
<b>Administrative and General Expenses</b>			
Accounting and legal		\$ -	\$ 29,644
Consulting	11	12,900	25,650
Website, shareholder communication		-	4,530
Exchange gain		(144)	-
Office and administration fees	11	3,315	6,407
Rent	11	3,000	3,250
Transfer agent fees		709	526
		\$ 19,780	\$ 70,008

**DAMARA GOLD CORP.**

Notes to Condensed Consolidated Interim Financial Statements  
For the Three Months Ended October 31, 2019 and 2018  
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**10. RELATED PARTY TRANSACTIONS****(a) Key Management Compensation**

	October 31 2019	October 31 2018
Key management personnel compensation comprised:		
Consulting fees	\$12,900	\$25,650
Administration	600	-
	<b>\$13,500</b>	<b>\$25,650</b>

- (i) Consulting fees of \$7,500 (2018 - \$15,000) were paid and/or accrued to 43983 Yukon Inc. ("43983") a company, controlled by Lawrence Nagy, Chief Executive Officer, of the Company.
- (ii) Consulting fees of \$5,400 (2018 - \$9,278) were paid and/or accrued to Minco Corporate Management Inc. ("Minco"), a company controlled by Terese Gieselman, the Chief Financial Officer of the Company.
- (iii) Administrative fees of \$600 (2018 - \$925) were paid and/or accrued to Minco in relation to providing administrative and accounting services.

**(b) Rent**

The Company currently pays Golden Ridge Resources Ltd. (a company with common directors and officers) rent and expenses on a month to month basis for shared offices space for total rent of \$3,000 (2018 - \$3,250).

**(c) Related Party Liabilities**

Amounts due to:	Service for:	October 31 2019	July 31 2019
Minco	Consulting Fees	\$4,568	\$1,575
Minco	Expenses	679	679
43983 Yukon	Expenses	473	409
Golden Ridge Resources Ltd. <sup>1</sup> - common directors	Rent & Expenses	962	-
<b>Total related party payables</b>		<b>\$6,681</b>	<b>\$2,663</b>

<sup>1</sup> Rent and expenses incurred on behalf of the Company for shared office space and administrative personnel expenses. These amounts are non-interest-bearing and due on demand.

**11. LOSS PER SHARE**

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period.

	October 31 2019	October 31 2018
Net loss attributable to ordinary shareholders	(\$19,780)	(\$70,008)
Weighted average number of common shares	26,312,579	26,312,579
Basic and diluted loss per share	(\$0.00)	(\$0.00)

**DAMARA GOLD CORP.**

Notes to Condensed Consolidated Interim Financial Statements  
For the Three Months Ended October 31, 2019 and 2018  
(Expressed in Canadian Dollars)

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**12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the three months ended October 31, 2019 and 2018 there were no transactions excluded from the consolidated statements of cash flows.