



## **For the Three Months Ended October 31, 2020**

The following management's discussion and analysis ("MD&A") has been prepared as of December 21 2020 and should be read in conjunction with Damara Gold Corp.'s unaudited condensed consolidated interim financial statements for the three months ended October 31, 2020 and comparative period October 31, 2019. The financial statements have been prepared in accordance with International Financial Reporting Standards and all numbers are reported in Canadian dollars, unless otherwise stated.

Throughout the report we refer to Damara, the "Company", "we", "us", "our" or "its". All these terms are used in respect of Damara Gold Corp. **Additional information on the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.damaragoldcorp.com](http://www.damaragoldcorp.com).**

### ***Cautionary Statement on Forward-Looking Information***

This report contains "forward-looking statements", including, the Company's expectations as to but not limited to, comments regarding, any acquisition, the timing and content of any future work programs or exploration budgets, geological interpretations, receipt of property titles, and potential mineral recovery processes. Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. The material factors and assumptions used to develop the forward-looking statements and forward-looking information contained in this MD&A include the following: working capital, project generation and acquisition ability. Due to the nature of the mineral resource industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent.

Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and Damara assumes no obligation to update forward-looking information in light of actual events or results.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, economic and political events affecting metal supply and demand, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, and other risks. Actual results may differ materially from those currently anticipated in such statements.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

### ***Overview Performance and Operations***

Damara Gold Corp. 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.

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The Company is in the business of exploring and developing mineral property interests. The Company's corporate head office is at Suite 335 – 1632 Dickson Ave, Kelowna, BC V1Y 7T2.

**Fundamental Acquisition**

On October 16, 2020, Damara entered into an assignment and assumption agreement with Canarc Resources Corp. ("Canarc") pursuant to which Canarc has assigned (the "Assignment") all of its rights, obligations, interests and assets with respect to a property option agreement dated December 20, 2018 and amended on June 3, 2019 (the "Option Agreement") between Canarc, Universal Copper Ltd. ("Universal") and Sydney Wilson ("Wilson") to acquire a 75% interest (the "Option") in certain mineral claims of Universal and Wilson (the "Princeton Property"), subject to the Universal NSR and Wilson NSR (as defined herein).

The Princeton Property is comprised of 22 mineral claims covering approximately 8,955 hectares located approximately 35km south of Princeton, British Columbia.

On December 7, 2020 the Company received Exchange approval and completed the Assignment and Financing as further defined hereinbelow.

Consideration for the Assignment of the Option Agreement includes:

- spending \$300,000 in exploration expenses on or before December 31, 2020 ("Earn-In Expenditures");
- the issuance of 3,594,941 common shares of the Company to Canarc within 5 days of Exchange acceptance (issued); and
- subject to the exercise of the Option on or before December 31, 2021, the issuance of such number of Damara Shares that increases Canarc's aggregate ownership in the capital of Damara to 19.9% (minimum 7,223,206).

The Princeton Property is subject to a 1% NSR to Universal which can be purchased for \$1,000,000 (the "Universal NSR") and a 2% NSR to Wilson which can be reduced 1% for cash purchase of \$1,000,000 (the "Wilson NSR").

A technical report (the "**Report**") prepared in accordance with the requirements of NI 43-101 and entitled "*Technical Report for the Princeton Property, Similkameen Mining Division, Princeton Area, British Columbia, Canada*" authored by Gerald G. Carlson, Ph.D., P. Eng. has been accepted by the Exchange and has been filed under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The Report establishes the Princeton Property as a property of merit and recommends an exploratory drill program. All required permits to execute the exploration program have been secured by the Company.

In connection with the Assignment the Company completed a financing and issued an aggregate of 10,000,000 units (a "**Unit**") at a price of \$0.05 per Unit for aggregate gross proceeds of \$500,000 (the "**Financing**").

Each Unit consists of one common share of the Company (a "**Common Share**") and one-half of one Common Share purchase warrant (each whole warrant a "**Warrant**"). Each Warrant entitles the holder to acquire one additional Common Share at a price of \$0.10 per share until December 7, 2022.

In connection with the Financing, the Company issued to eligible finders an aggregate of 247,000 finders warrants (the "**Finders Warrants**"). Each Finder Warrant entitles the holder to acquire one Common Share at a price of \$0.10 until December 7, 2022.

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An insider of the Company participated in the Offering for an aggregate amount of approximately \$10,000. Such participation is considered a related party transaction within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). In completing such transaction, Damara relied on the applicable exemptions from the valuation requirement and minority security holder approval requirements available under Sections 5.5(a) and 5.7(a) of MI 61-101, respectively, on the basis that the participation in the Financing by the insider did not exceed 25% of the Company's market capitalization.

The Company intends to use the net proceeds of the Financing for purposes of completing the Assignment and funding the required earn-in expenditures and operating costs in relation to the development of the Princeton Property and working capital.

**See news releases dated October 19, 2020 and December 7, 2020 for additional details on the Acquisition on [www.SEDAR.com](http://www.SEDAR.com) and the Company's website [www.damaragoldcorp.com](http://www.damaragoldcorp.com).**

### **Trading Halt**

In connection with the Fundamental Acquisition at the Company's request, trading in the Damara's Shares were halted by the Exchange effective October 16, 2020. Upon receipt of Exchange approval of the Assignment and Financing the Company's shares resumed trading on December 10, 2020,

### **Corporate**

On August 26, 2020 the Company received the consent of the Exchange to amend the expiry date of 5,000,000 outstanding share purchase warrants that were issued pursuant to a private placement completed in August 2017 (the "2017 Warrants") originally to expire on August 31, 2020. The new expiry date for the 2017 Warrants is August 31, 2022. Each 2017 Warrant entitles the holder to purchase one common share in the capital of the Company at a price of \$0.10 per common share until August 31, 2022.

### **Exploration**

#### ***Princeton Property***

On December 10, 2020 the Company commenced its Phase I exploration program on the Princeton Property. The Phase I program will include a high-resolution DIAS32 3D IP and resistivity survey as well as up to 500m of diamond drilling focusing on the properties 'Alpha Vein Zone'. Drilling will be completed by Full Force Diamond Drilling Ltd. out of Peachland, British Columbia, and the 3D IP and resistivity survey is being completed by Dias Geophysical out of Toronto, Ontario.

### **Program Highlights**

- The Princeton Gold Property is ideally located off Highway 3, near the town of Princeton in southern British Columbia. The town of Princeton provides excellent infrastructure for the ongoing drill program and all drill sites are accessibly by well-maintained forest service roads. Temperate weather conditions in southern British Columbia provide the Company with the opportunity to drill year-round.
- The Company plans for up to 500m of diamond drilling during the Phase I program. This includes three drillholes at 45°, 60°, and 75° dips from three drill pads spaced equally along the 'Alpha Vein Zone' quartz vein exposures. The drill program represents the first ever drill program to be completed on the Property to date.
- The high-resolution DIAS32 3D IP and resistivity survey centered over the 'Alpha Vein Zone' will provide Damara with a detailed 3D model to a depth of 100m with a near-surface resolution of 3m allowing for detailed modeling of the structure.

See news release dated December 10, 2020 for additional details on [www.SEDAR.com](http://www.SEDAR.com) and the Company's website [www.damaragoldcorp.com](http://www.damaragoldcorp.com).

### **Outlook**

The Company's focus will be to complete the Earn-In-Expenditures on or before December 31, 2020. The Company will update shareholders as results become available. The Company is currently funded to complete the Earn-In Expenditures pursuant to the Assignment, however additional funds will be required to complete any further development.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

### **Results of Operations**

The Company has no operating revenues and relies on external financings to generate capital for its continued operations. As a result of its activities, the Company continues to incur annual net losses.

### **Financial Results for the period ended October 31, 2020 and 2019**

For the three months ended October 31, 2020, the Company reported a \$98,600 net loss and comprehensive loss or \$0.00 basic and diluted loss per share compared to a \$19,780 or \$0.01 loss per share for the same comparative period ended October 31, 2019. The loss was attributed to general and administrative operating costs of \$33,154 (2019 - \$19,780). Additionally, the Company incurred property evaluation expenditures of \$66,446 (2019 - \$Nil) in connection with the review and analysis of property acquisition opportunities including the Princeton Property. These expenses included field visits, data compilation and review of technical information.

	<b>2020</b>	<b>2019</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounting and legal	<b>5,971</b>	-	<b>5,971</b>
Consulting	<b>14,980</b>	12,900	<b>2,080</b>
Website, shareholder communication	<b>2,250</b>	-	<b>2,250</b>
Exchange loss	-	(144)	<b>144</b>
Office and administration fees	<b>3,169</b>	802	<b>2,367</b>
Insurance	<b>1,514</b>	2,513	<b>(999)</b>
Exchange and regulatory fees	<b>1,538</b>	-	<b>1,538</b>
Rent	<b>3,000</b>	3,000	-
Transfer agent fees	<b>732</b>	709	<b>23</b>
	<b>33,154</b>	19,780	<b>13,373</b>

Significant variances to note were:

Accounting and legal – the increase professional fees related to legal fees in connection with Fundamental Acquisition as described hereinabove;

Consulting – the increase in consulting fees was in connection with the increase in activity as a result of the Fundamental Acquisition as described hereinabove;

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Office and administration – the increase in costs recorded were in connection with the Fundamental Acquisition;

Website, shareholder communication – the increase in costs related to the update of website and new releases in connection with the Fundamental Acquisition as described hereinabove; and

Exchange and regulatory fees – cost in the current period related to the initial filing fees of the Fundamental Acquisition.

**Summary of quarterly results**

<b>FY 2021</b>	<b>Q1</b>	
	<b>\$</b>	
Revenues	—	
Net loss and comprehensive loss	<b>(98,600)</b>	
Net loss and comprehensive loss per share	<b>(0.00)</b>	

<b>FY 2020</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	—	—	—	—
Net loss and comprehensive loss	(19,780)	(20,123)	8,669	(35,481)
Net loss and comprehensive loss per share	(0.00)	(0.00)	0.00	(0.00)

<b>FY 2019</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Revenues	—	—	—	
Net loss and comprehensive loss	(70,008)	(95,155)	(25,035)	
Net loss and comprehensive loss per share	(0.00)	(0.00)	(0.01)	

**Significant variances to note include in prior quarters to note included:**

Company recorded a net comprehensive loss of \$35,481 for the three months ended July 31, 2020 (2019 - \$31,424). The loss for the 2020 comparative year was attributed to general and administrative costs of \$35,481 (2019 – \$31,424). Included in the 2020 Q4 was a \$25,000 in recovery of filing fees in connection with the termination of a proposed transaction (2019 - \$21,000).

Increase in general and administration costs for Q1 and Q2 2019 were in relation to a proposed transaction in the prior year that was contemplated however did not complete..

**Liquidity and capital resources**

	<b>October 31</b>	<b>July 31</b>
	<b>2020</b>	<b>2020</b>
<b>Financial position:</b>		
Cash	<b>\$106,563</b>	\$68,623
Working capital	<b>\$(19,905)</b>	\$18,696
Total Assets	<b>\$113,634</b>	\$71,003
Shareholders' equity	<b>\$(19,905)</b>	\$18,696

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As at October 31, 2020 the Company had a working capital deficiency of approximately \$19,905 (2019 - \$18,696 working capital). The decrease in working capital from July 31, 202 was for the cost of general and administrative costs and costs incurred for property evaluation. Cash inflows for the current period included subscription receipts of \$60,000 in connection with the Financing as described hereinabove.

The Company completed the Financing as described herein above which provided the funds to complete the Earn-In-Expenditures and additional working capital for the next six to nine months. The Company will require additional funding to complete any significant development of its exploration and evaluation assets.

The Company has not yet generated revenue to date and will not generate funds from operations for the foreseeable future as such the Company is primarily reliant upon the issuance of equity securities in order to fund operations. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants. The Company will continue to have to raise funds for operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company's policy is to invest its cash when applicable in highly liquid, short term, interest bearing investments with maturities of 90 days or less from the date of acquisition or for longer periods where such investment may be redeemable after 30 days. The Company is not subject to externally imposed capital requirements.

There can be no assurance that the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to further curtail its activities to a level for which funding is available and can be obtained.

***Off balance-sheet arrangements***

There are currently no off- balance sheet arrangements and no new information to report since the annual management's discussion and analysis.

**Key Management Compensation**

Compensation for key management and personnel, including Company officers, directors, and private companies controlled by officers and directors, was as follows:

	<b>October 31 2020</b>	<b>October 31 2019</b>
Key management personnel compensation comprised:		
Consulting fees	<b>\$14,980</b>	\$12,900
Administration	<b>1,450</b>	\$600
	<b>\$16,430</b>	\$13,500

Included in trade and other payables are amounts due to officers, directors and former officers, directors and related parties for fees and expenses of \$46,579 (July 31, 2020 - \$39,570).

**Related Party Transactions**

**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 (2019 - \$3,000).

**Financing**

In connection with the Financing as described hereinabove, one related party being a director participated for an amount of \$10,000.

### ***Critical Accounting Policies and Estimates***

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**

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.

### ***Recently Adopted and Future Accounting Pronouncements***

#### **Future Accounting Standards**

##### *IFRS 17 Insurance Contracts*

IFRS 17 *Insurance Contracts* ("IFRS 17") is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts*, and related interpretations. This standard will be effective for the Company's annual period beginning July 1, 2021. The Company has assessed that the impact of IFRS 17 on its consolidated financial statements would not be significant.

### ***Financial instruments and other instruments***

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

### **General Objectives, Policies and Processes**

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

#### 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 interest rate and commodity price risk.

#### Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and non-interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

As at October 31, 2020, the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

#### Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

### Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar and other foreign currencies will affect the Company's operations and financial results.

The Company does not hold significant monetary assets or liabilities in foreign currencies and therefore is not exposed to significant risks arising from the fluctuation of foreign exchange rates.

### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and receivables. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand and receivables are entered into with credit-worthy counterparties.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

### 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 policy is to endeavour that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, circumstances may arise where the Company is unable to meet those goals. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company endeavours not to maintain any trade payables beyond a 30-day period to maturity.

### 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 consolidated statements of financial position carrying amounts for receivables, and trade and other payables 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

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents and marketable securities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### **Capital Management**

The Company monitors its common shares, warrants and stock options as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period ended October 31, 2020.

### **Outstanding Share Data**

Damara's authorized capital is unlimited common shares without par value. As at the date of this report 39,907,524 common shares were issued and outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

Type of Security	Number	Exercise Price	Expiry Date
Stock Options	1,250,000	\$0.05	Jul-27-21
Share Purchase Warrants	5,000,000	\$0.10	Aug-31-2022
Share Purchase Warrants	1,475,000	\$0.15	Jan-18-21
Share Purchase Warrants	4,482,351	\$0.15	Mar-02-21
Share Purchase Warrants	5,000,000	\$0.10	Dec-07-22

### **Risks and uncertainties**

The Company is in the mineral exploration and development business and as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The industry is capital intensive and is subject to fluctuations in market sentiment, metal prices, foreign exchange and interest rates. The Company is currently without an exploration property and there is no certainty that through its project investigation activities that it will be able to secure an asset in order to maintain its listing on the Exchange as a Tier 2 listed issuer. The only sources of future funds for acquisition or future exploration programs upon success of an acquisition available to the Company is the sale of equity capital. Although the Company has been successful in not only acquiring exploration assets and accessing the equity market during the past years, there is no assurance that such sources of financing will be available on acceptable terms, if at all.

The Company does not have any employees. All work is carried out through independent consultants and the Company requires that all professional consultants carry their own insurance to cover any potential liabilities as a result of their work on a project. In certain cases where consultants are unable to carry their own insurance the Company includes such individuals under its coverage.

### **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 \$98,600 for the three months ended October 31, 2020 (2019 - \$19,780) and has accumulated a deficit of \$33,191,447 (July 31, 2020 - \$33,092,847) 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 future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. 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.

### **Forward Looking Statements**

**THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS REPORT REPRESENTS THE EXPECTATIONS OF DAMARA AS OF THE DATE OF THIS REPORT AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE DAMARA MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.**

### **Other Requirements**

Additional disclosure of the Company's material change reports, news release and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).