



Damara Gold Corp.

Condensed Consolidated Interim Financial Statements (un-audited)

October 31, 2020 and 2019

Expressed in Canadian Dollars

DAMARA GOLD CORP.
Three Months ended October 31, 2020 and 2019
(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

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DAMARA GOLD CORP.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (un-audited)

As at October 31, 2020 and July 31, 2020

Expressed in Canadian Dollars

	Note	October 31 2020	July 31 2020
ASSETS			
Current			
Cash and cash equivalents		\$ 106,563	\$ 68,623
Prepays		394	394
Receivables		6,677	1,986
Total Assets		\$ 113,634	\$ 71,003
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	8	133,538	52,307
Shareholders' Equity			
Share Capital		31,692,281	31,692,281
Obligation to issue shares	5	60,000	-
Contributed surplus		1,419,262	1,419,262
Deficit		(33,191,447)	(33,092,847)
Total Shareholders' Equity		(19,905)	18,696
Total Liabilities and Shareholders' Equity		\$ 113,634	\$ 71,003

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	2020	2019
Expenses			
Administrative and general	7	\$ 33,154	\$ 19,780
Property evaluation		65,446	-
Total Expenses		(98,600)	(19,780)
Net loss and comprehensive loss for the period		\$ (98,600)	\$ (19,780)
Loss per share for the period - basic and diluted	10	\$ (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

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

	Note	Number of Shares	Share Capital	Obligation to Issue Shares	Contributed Surplus	Deficit	Total
Balance July 31, 2020		26,312,579	\$ 31,692,281	\$ -	\$ 1,419,262	\$ (33,092,847)	\$ 18,696
Net loss for the period		-	-	-	-	(98,600)	(98,600)
Subscriptions received	5	-	-	60,000	-	-	60,000
Balance October 31, 2020		26,312,579	\$ 31,692,281	\$ 60,000	\$ 1,419,262	\$ (33,191,447)	\$ (19,905)

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

	Note	2020	2019
OPERATING ACTIVITIES			
Loss for the period		\$ (98,600)	\$ (19,780)
Changes in non-cash working capital			
Receivables		(4,691)	(485)
Prepaid expenses and advances		-	(5,625)
Trade and other payables		81,231	10,582
Cash used in operating activities		(22,060)	(15,308)
FINANCING ACTIVITIES			
Subscriptions received	5	60,000	-
Cash provided in financing activities		60,000	-
Decrease in cash during the period		37,940	(15,308)
Cash beginning of period		68,623	80,524
Cash end of period		\$ 106,563	\$ 65,216

Supplemental Disclosure with Respect to Cash Flows (Note 11)

See notes to consolidated financial statements.

DAMARA GOLD CORP.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the Three Months Ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

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 CONTINUANCE OF OPERATIONS

These condensed consolidated interim financial statements for the three-month period ended October 31, 2020 and 2019 and 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 2020 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 21, 2020.

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 \$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 commitments as they come due 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 (unaudited)
For the Three Months Ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND CONTINUANCE OF OPERATIONS (cont'd)

Since December 31, 2019, 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 businesses 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.

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.

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.

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.

DAMARA GOLD CORP.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the Three Months Ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)**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. 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 period ended October 31, 2020 and during the year end July 31, 2020.

As at October 31, 2020 the Company had received \$60,000 in subscriptions in connection the Financing as described in Note 12.

(c) Share Purchase Warrants

The following is a summary of changes in warrants from August 31, 2019 to October 31, 2020:

	Number of Warrants	Weighted Average Exercise Price
Balance at October 31, 2020 and July 31, 2020	10,957,351	\$0.13

As at October 31, 2020 the share purchase warrants have a weighted average remaining contractual life of 1.00 (July 31, 2020 – 0.34) year. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Expiry Date	Exercise Price	Number of Warrants
January 18, 2021	\$0.15	1,475,000
March 2, 2021	\$0.15	4,482,351
August 31, 2022 ¹	\$0.10	5,000,000
Total		10,957,351

¹ On August 26, 2020 the Company received Exchange approval to extend the expiry of these warrants from August 31, 2020 to August 31, 2022.

DAMARA GOLD CORP.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)
 For the Three Months Ended October 31, 2020 and 2019
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6. 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.

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, 2020 to October 31, 2020 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	1,250,000	-	-	1,250,000	1,150,000
Weighted Average Exercise Price			\$0.05	-	-	\$0.05	\$0.05
Weighted Average Life Remaining (years)			1.99	-	-	0.74	0.74

Stock option activity from August 1, 2019 to July 31, 2020 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	1,250,000	-	-	1,250,000	1,150,000
Weighted Average Exercise Price			\$0.05	-	-	\$0.05	\$0.05
Weighted Average Life Remaining (years)			1.99	-	-	0.99	0.99

(b) Fair Value of Options Granted During the Year

There were no options granted during the period ended October 31, 2020 and 2019

DAMARA GOLD CORP.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)
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7. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	Three Months Ended October 31	
		2020	2019
Accounting and legal		\$ 5,971	\$ -
Consulting	8	14,980	12,900
Website, shareholder communication		2,250	-
Exchange gain or (loss)		-	(144)
Office and administration fees	8	3,169	802
Insurance		1,514	2,513
Exchange and regulatory fees		1,538	-
Rent	9	3,000	3,000
Transfer agent fees		732	709
		\$ 33,154	\$ 19,780

8. KEY MANAGEMENT COMPENSATION

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

	October 31 2020	October 31 2019
Key management personnel compensation comprised:		
Consulting fees	\$14,980	\$12,900
Administration	1,450	\$600
	\$16,430	\$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).

9. RELATED PARTY TRANSACTIONS¹**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).

¹ See Events After the Reporting Period

DAMARA GOLD CORP.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)
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10. LOSS PER SHARE

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

	October 31 2020	October 31 2019
Net loss attributable to ordinary shareholders	(\$98,600)	(\$19,780)
Weighted average number of common shares	26,312,579	\$26,312,579
Basic and diluted loss per share	(\$0.00)	(\$0.00)

11. 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 periods ended October 31, 2020 and 2019 there were no transactions excluded from the consolidated statements of cash flows. During the periods ended October 31, 2020 and 2019, the Company paid \$nil for income taxes and interest.

12. EVENTS AFTER THE REPORTING DATE

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;
- 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").

DAMARA GOLD CORP.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)
For the Three Months Ended October 31, 2020 and 2019
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12. EVENTS AFTER THE REPORTING DATE (cont'd)

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

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.