



For the Year Ended July 31, 2021

The following management's discussion and analysis ("MD&A") has been prepared as of November 26, 2021 and should be read in conjunction with Damara Gold Corp.'s audited financial statements for the year ended July 31, 2021 and comparative year July 31, 2020. 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 and the Company's website at 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: our approved budgets, exploration and assay results, results of the Company's planned exploration expenditure programs, estimated drilling success rates and other prospects. 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.

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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.

The Company's corporate head office is at Suite 335 – 1632 Dickson Ave, Kelowna, BC V1Y 7T2.

Corporate - Financings

December 2020 – Financing

In connection with the Assignment as defined hereinbelow 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.

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 net proceeds of the Financing were allocated for the 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 Fundamental Acquisition and Financing www.SEDAR.com and the Company's website www.damaragoldcorp.com.

May 2021 - Financing

On May 31, 2021 the Company issued 6,111,111 units of the Company on a flow-through basis (the "May FT Units") at a price of \$0.09 per May FT Unit for gross proceeds of \$550,000 and issued 2,857,143 units of the Company on a non-flow-through basis (the "May NFT Units") at a price of \$0.07 for gross proceeds of \$200,000 and collectively the "May Financing".

June 2021 - Financing

On June 17, 2021, the Company issued 3,938,111 units of the Company on a flow-through basis (the "June FT Units") at a price of \$0.09 per FT Unit for gross proceeds of \$354,430 and issued 3,500,000 units of the Company on a non-flow-through basis (the "June NFT Units") at a price of \$0.08 for gross proceeds of \$280,000 collectively the "June Financing".

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Net proceeds from the May FT Units and June FT Units will be used by the Company to incur eligible Canadian exploration expenses that will qualify as flow-through mining expenditures as such terms are defined in the Tax Act to advance the Company's Placer Mountain Gold Project in British Columbia. Net proceeds from the May NFT Units and June NFT Units have been allocated for working capital.

PROJECTS & EXPLORATION

The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's current active properties include the Placer Mountain project in Princeton, British Columbia.

Placer Mountain - Agreement

On October 15, 2020, Damara entered into an assignment and assumption agreement with Canagold Resources Corp. ("**Canagold**") pursuant to which Canagold 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 Canagold, Universal Copper Ltd. ("**Universal**") and Sydney Wilson ("**Wilson**") to acquire a 75% interest (the "**Option**") in certain mineral claims of Universal and Wilson ("**Placer Mountain**" or the "**Property**").", subject to the Universal NSR and Wilson NSR (as defined herein). The Assignment constituted a Fundamental Acquisition as defined in the Exchange policies.

The 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.

Consideration for the Assignment of the Option Agreement includes:

- spending \$300,000 in exploration expenses on or before December 31, 2020 ("**Earn-In Expenditures**" competed*);
- the issuance of 3,594,941 common shares of the Company to Canagold 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 Canagold's aggregate ownership in the capital of Damara to 19.9% (395,009 partial issuance to date).

**A \$79,128 carry over from Canagold expenditures left a balance of \$220,872 of the Earn-In Expenditures to be completed by Damara.*

The 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 to 1% for cash payment of \$1,000,000 (the "**Wilson NSR**").

On April 13, 2021, the Company in accordance with the terms of the Option Agreement provided notice (the "**Notice**") of its intent to exercise the Option and acquire its 75% interest. Further to confirmation of the Earn-In Expenditures on April 30, 2021, Damara and Universal on August 9, 2021 entered into a 75% - 25% definitive joint venture agreement (the "**JV Agreement**"). Execution of the JV Agreement was subject to a cash payment of \$25,000 (paid) to Universal.

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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.

The Report establishes the 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.

Exploration and Outlook

Exploration - 2020

The winter program was carried out to satisfy a December 31, 2020, exploration commitment. The program consisted of a high-resolution DIAS32 3DIP and resistivity survey plus 533m of diamond drilling that tested the Alpha Vein showing and is the first drill program completed on the Property. Diamond drill hole PG-20-001 intersected 1.00m of 48.60g/t Au and 30.8g/t Ag from 15m downhole, and PG-20-005 intersected 4.0m of 7.07g/t Au and 101g/t Ag at 29m downhole.

The winter program, which commenced immediately following the closing of the Placer Mountain Property acquisition agreement, focused on testing a gold-silver mineralized quartz vein structure, discovered during recent logging road construction on the Property. Eight of the nine holes drilled intersected the mineralized structure and IP chargeability and resistivity results suggest the vein system extends off the surveyed area to the northeast (Figure 6, 7). As a result, Damara has outlined plans for a systematic 2021 exploration program consisting of an airborne VTEM electromagnetic survey, soil geochemical sampling, detailed geological mapping, prospecting, trenching and channel sampling, with the aim of carrying out a second phase of drilling by mid to late Summer.

The 14,650-hectare Placer Mountain Property is centered on Placer Creek, which flows north from Placer Mountain into the Similkameen River just west of the Placer Property (Figure 10). Highway 3 and a network of well-maintained forest service roads provide access to all parts of the Property from the nearby town of Princeton, British Columbia. Copper Mountain Mining Corporation's¹ producing Copper Mountain Mine¹ is situated 11 kilometers north of the Property.¹

2020 Highlights

- Maiden drill program on the Property returned 1.00m of 48.60g/t Au and 30.8g/t Ag in drillhole PG-20-001, and 4.0m of 7.07g/t Au and 101g/t Ag in drillhole PG-20-005.
- Metallic sieve analyses indicate a significant coarse gold component to the mineralized intervals, indicating larger sample sizes collected in the next phase of work may help reduce potential nugget effects in the vein type mineralization.
- The DIAS32 3DIP survey shows a distinct chargeability and resistivity response associated with the mineralization which extends off the survey area to the northeast along strike and under post-mineral cover (Figure 6, 7). As a result, a larger airborne VTEM electromagnetic survey is being planned to expand on the ground-based survey and target extensions of mineralization underneath the post-mineral cover rocks.

¹ Adjacent Properties – This report contains information about adjacent properties on which Damara does not have the right to explore or mine. Investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on the Company's properties.

- Significant gold and silver anomalies from historic rock and soil surveys surround the post-mineral cover rocks on the Property and have never been followed up on (Figure 8, 9). A large grid-based soil survey is planned in conjunction with the airborne VTEM survey, to expand on the historic soil grid and cover areas of strongly anomalous gold and silver values along logging roads.
- Further drilling is planned along strike of the Alpha Vein, with a specific focus on the strongly anomalous and untested chargeability and conductivity anomalies, as well as other untested targets on the Property.

Cross-sections, plan maps and Phase 1 Drilling Results and QA/QC details have been posted to the Company's website and can be viewed at the following link: [2020 Princeton Drill Results - Damara Gold Corp.](#)

Exploration – 2021

In early October 2021 the Company received positive results from its geochemical sampling program conducted on Placer Mountain. Exploration crews collected a total of 76 stream sediment samples, 2,635 B-horizon soil samples on a 25m x 100m spaced grid over unexplored portions of the Property and 279 Soil Gas Hydrocarbon (SGH) samples over and along strike of the Main Vein. Further details and maps illustrating the B horizon soil sample, SGH sample and stream sediment sample results can be found at the following link and the Company's news release dated October 4, 2021:

https://www.damaragoldcorp.com/2021_exploration_results.html

On October 15, 2021 the Company completed its Phase II soil sampling program and commenced mechanized trenching. The Phase II exploration program consisted of the collection of 660 soil samples on a 25m x 25m grid and was directed at infilling and extending a large new gold-in-soil anomaly located 2.5 kilometers northeast of the Main Vein. During the program, soil samplers identified abundant sulfide-mineralized and oxidized quartz-limonite vein float and granodiorite float within the new anomaly, along a short logging road that cuts a portion of the anomaly. The area is underlain by a granodiorite intrusion, which is a different geology to the volcanics which host the Main Vein. The soils along the short logging road are a gossanous bright orange colour which suggests the presence of oxidized sulfides. The trenching is focused along this stretch of road, with the aim of uncovering the source of the quartz-sulfide-limonite float boulders and investigating the possible orientation of any underlying veins. Photographs of the rock samples collected within the new anomaly as well as a separate multi-element anomaly to the northwest which is underlain by pyritic black shales, can be found at the following link and the Company's news release dated October 15, 2021:

https://www.damaragoldcorp.com/2021_exploration_program_gallery.html

The Company has now completed a mechanized trenching program consisting of the collection of 110 continuous chip samples from a combined total of 322 meters in 4 separate trenches across the newly discovered Kodiak Vein Zone. Mineralized quartz veins were intersected on the western end of Trenches 1, 2 and the eastern end of Trench 3. Bedrock exposure in Trench 4 was limited to one short section due to deep overburden and did not adequately test the strike extension of the vein system. The series of veins intersected are closely spaced, typically 10-50 cm in width and spatially associated with narrow felsic dykes within granitic intrusive rocks. The veins display stronger sulfide mineralization and wider alteration halo's than are observed at the Main Zone. Assays remain pending for all trench samples.

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Rush assays from 10 selected float grab samples collected by soil samplers at the new Kodiak Zone ranged from below detection up to **70.6 g/t gold and 244 g/t silver**. The grab samples were collected from two separate areas. One area is 750 meters southwest along trend of the Kodiak Zone veins and the other is 200 meters south-southeast, on a possible separate trend. Neither area has yet had follow up trenching. The Company awaits analytical results for both the trench samples as well as 660 infill and extension soil samples collected during the Phase II program. The results will be used to design a follow up program of maiden core drilling this year as well as further soil sampling, trenching, ground geophysics in 2022.

Photographs of the quartz-pyrite veining intersected by trenching as well as selected grab samples collected at the Kodiak Zone can be found at the following link and the Company's news release dated November 19, 2021:

https://www.damaragoldcorp.com/2021_exploration_program_gallery2-389229.html

Outlook

2,000-meter 2021 Drill Program Underway

The Company has contracted Full Force Drilling of Peachland, BC to mobilize a skid-mounted Zinex A5 core drill to the Property to begin drilling at the Main Zone.

Approximately 1,000 meters of drilling in at least 10 holes will be carried out along strike of the 2020 drilling at the Main Zone. One long hole will test both the Main Vein as well as an SGH gold anomaly from sampling completed in June of this year. One hole on a large stepout to the northeast will test a strong chargeability anomaly from the 2020 IP survey.

The geology at the Main Zone consists of Triassic Nicola Group sedimentary and volcanic rocks which are intruded by granodiorite dykes at the eastern end. Trenching at the Main Zone in 2018 and 2019 demonstrated that the Main Vein horsetails into a series of stringer zones as it enters the granodiorite intrusion to the east. Post-mineral Princeton Group rocks cover mineralization to the east and the underlying geology will be tested with core drilling this year.

Approximately 1,000 meters of drilling is also slated for the new Kodiak Zone trenching discovery. Once all assays have been received, the Company will issue a press release detailing those results as well as a finalized drill plan for the Kodiak Zone.

The recently flooding in British Columbia has unfortunately had a devastating effect on the nearby town of Princeton and the Company is working closely with local suppliers and contractors to ensure everyone's well-being and safety during these difficult times.

See news release of November 19, 2021 for additional details on drill targets, maps and the Company's website www.damaragoldcorp.com for exploration results to date.

Qualified Person

Dr. Gerald G. Carlson, PhD, PEng, technical advisor to the Company, is the Qualified Person as defined by National Instrument 43-101 who has reviewed and approved the technical data in this report.

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Expenditures to date on Exploration and Evaluation Assets include:

	Princeton Property
Balance at July 31, 2020	\$ -
Acquisition costs	
Option payments - Shares	292,922
Total Acquisition Costs	292,922
Exploration Costs	
Assaying	17,151
Camp and site costs	20,594
Drilling	101,059
Fieldwork	46,500
Field supplies	2,425
Geological	35,855
GIS Mapping and reports	33,208
IP Survey & Geophysics	78,015
Equipment rental	31,763
Technical reports	11,460
Travel/Site	3,318
Total Exploration costs	381,348
Balance at July 31, 2021	\$674,270

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the years ended July 31, 2021, 2020 and 2019. The following annual results are compliant with IFRS.

	Years Ended		
	July 31 2021	July 31 2020	July 31 2019
Total revenue	\$Nil	\$Nil	\$Nil
Net loss and comprehensive loss	\$(371,124)	\$(66,715)	\$(221,622)
Net loss per share basic and diluted	\$(0.01)	\$(0.00)	\$(0.01)
Total assets	\$2,019,417	\$71,003	\$103,701
Current liabilities	\$124,145	\$52,307	\$18,290
Long term liabilities	—	—	—
Shareholders' equity	\$1,895,272	\$18,696	\$85,411

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 year ended July 31, 2021 and 2020

For the year end July 31, 2021 the Company reported a \$371,124 net loss and comprehensive loss or \$0.01 basic and diluted loss per share compared to a \$66,715 or \$0.00 income per share for the same comparative year ended July 31, 2020. The loss was attributed to general and administrative operating costs of \$193,802 (2020 - \$66,715), property evaluation costs for project generation of \$63,646 (2020 - \$Nil) and share-based payments of \$113,676 (2020 - \$Nil).

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The following outlines the details of general and administration costs and the variance of same:

	2021	2020	Variance
	\$	\$	\$
Accounting and legal	37,336	7,858	29,478
Consulting	64,893	45,363	19,530
Website, shareholder communication	17,376	(21)	17,397
Office and administration fees	38,228	5,880	32,348
Insurance	8,326	8,936	(610)
Exchange and regulatory fees	9,563	(17,027)	26,590
Rent	12,000	12,000	-
Travel	1,256	-	1,256
Transfer agent fees	4,824	3,726	1,098
	193,802	66,715	127,087

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 and increase in continuing activities (see Key Management Compensation);

Office and administration – the increase in costs recorded were in connection with the Fundamental Acquisition and increase in continuing activities (see Key Management Compensation);

Website, shareholder communication – the increase in costs related to the update of website and new releases in connection with the Fundamental Acquisition and an increase in continuing activities including news release dissemination;

Exchange and regulatory fees – cost in the current period related to the initial filing fees of the Fundamental Acquisition. The prior period credit was in connection with the refund of \$25,000 received in exchange and listing fees for a transaction that the Company did not proceed on.

Summary of quarterly results

	Q1	Q2	Q3	Q4
	\$	\$	\$	\$
FY 2021	Oct 20	Jan 21	April 21	July 21
Revenues	—	—	—	—
Net loss and comprehensive loss	(98,600)	(34,250)	(39,696)	(198,578)
Net loss and comprehensive loss per share	(0.00)	(0.00)	(0.00)	(0.01)

	Q1	Q2	Q3	Q4
	\$	\$	\$	\$
FY 2020	Oct 19	Jan 20	April 20	July 20
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)

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Fourth Quarter

The Company recorded a net loss and comprehensive loss of \$198,578 for the three months ended July 31, 2021. The loss for the current year was attributed to general and administrative costs of \$84,902 and share-based payments of \$113,676. The increase in expenditures relates to the overall increase in office overhead in relation to its operating activities as described hereinabove.

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

The Company recorded a net comprehensive loss of \$98,600 for the three months ended October 31, 2020 which was primarily attributed to \$65,466 in property evaluation costs and an increase in general and administrative costs of \$33,154 in connection with the review of project opportunities and increase in activities as described hereinabove.

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

Liquidity and capital resources

	July 31 2021	July 31 2020
Financial position:		
Cash	\$ 496,497	\$ 68,623
Restricted cash	\$ 809,475	-
Working capital	\$1,221,002	\$ 18,696
Total Assets	\$2,019,417	\$ 71,003
Shareholders' equity	\$1,895,272	\$ 18,696

As at July 31, 2021 the Company had a working capital of \$1,221,002 (2020 - \$18,696). Included in the working capital balance is restricted cash in connection with the requirement to complete flow through expenditures of \$809,475 (July 31, 2020 - \$Nil) on or before December 31, 2022.

	Year End July 31	
	2021	2020
Cash flows used in operating activities:		
- before non-cash working capital adjustments	\$ (257,448)	\$ (66,715)
Changes in non-cash working capital		
- Receivables	(5,896)	20,797
- Prepaids	(15,899)	
- Trade and other payables	1,050	34,017
Cash flows used in investing activities	(310,560)	-
Cash flows provided by financing activities	1,826,102	-
Increase (decrease) in cash during the year	1,237,349	(11,901)
Cash and restricted cash beginning of year	68,623	80,524
Cash and restricted cash end of year	\$ 1,305,972	\$ 68,623
Composition of cash and restricted cash		
Cash	\$ 496,497	\$ 68,623
Restricted Cash	809,475	-
Cash and restricted cash end of the year	\$ 1,305,972	\$ 68,623

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For the year ended July 31, 2021 and 2020:

- Cash flows used in operating activities increased 2021 was primarily attributed to general and administration costs and property investigation costs as described hereinabove.
- Cash flows used in investing activities relate to exploration expenditures as outlined hereinabove on the Placer Mountain project (2020 - \$Nil).
- Cash flows from financing activities in the current year relate to the private placements completed as outlined hereinabove for net proceeds of \$1,826,102 (2020 - \$Nil).

Use of Proceeds

Proceeds received from Financing's	
December 2020	\$500,000
May 2021 and June 2021 FT Financings	\$904,430
May 2021 and June 2021 NFT Financings	480,000
Less share issue costs	(95,396)
Net proceeds	1,789,034
Less Restricted Cash allocation to Flow Through Expenditures	(904,430)
Less Non-FT Exploration Expenditures	(283,192)
Balance to working capital	\$601,412

With the recent completion of the financings as described herein the Company has secured the working capital to continue a Phase 2 exploration program and working capital for the next 12 months.

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.

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Key Management Compensation

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

	July 31 2021	July 31 2020
Key management personnel compensation comprised :		
Consulting fees	\$78,493	\$45,363
Administration	31,338	\$1,997
Share-based payments	71,665	-
	\$181,496	\$47,359

Included in consulting fees is \$13,600 that was capitalized to exploration and evaluation assets.

Included in trade and other payables are amounts due to officers, directors and former officers, directors and related parties for fees and expenses of \$6,166 at July 31, 2021 (2020 - \$39,570).

Related Party Transactions

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 \$12,000 (2020 - \$12,000).

Financing

In connection with the December 2020 financing one related party being a director participated for an aggregate amount of \$10,000.

Options

In connection with the exercise of options included in accounts receivables is an amount of \$15,000 due from a director, which was received subsequent to July 31, 2021.

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 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 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 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 financial statements.

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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 July 31, 2021, 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. All trade and other payables are due within 30 days of July 31, 2021.

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 statements of financial position carrying amounts for cash, restricted cash, 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 restricted cash;

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- 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 year ended July 31, 2021.

Outstanding Share Data

Damara's authorized capital is unlimited common shares without par value. As at the date of this report 57,729,574 common shares were issued and outstanding.

The Company as at the date of this report had the following outstanding options, share purchase warrants and agent warrants as follows:

Stock Options

Expiry Date	Exercise Price	Number of Warrants
August 31, 2022	\$0.10	5,000,000
December 7, 2022	\$0.10	5,000,000
May 31, 2023	\$0.15	4,484,128
June 17, 2023	\$0.15	3,719,056
Total		18,203,184

Share Purchase Warrants

Expiry Date	Exercise Price	Number of Warrants
August 31, 2022 ¹	\$0.10	5,000,000
December 7, 2022	\$0.10	5,000,000
May 31, 2023	\$0.15	4,484,128
June 17, 2023	\$0.15	3,719,056
Total		18,203,184

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Agent Warrants

Expiry Date	Exercise Price	Number of Warrants
December 7, 2022	\$0.10	226,320
May 31, 2023	\$0.15	444,000
June 17, 2023	\$0.15	350,820
		1,021,140

Risks and uncertainties

Mineral Exploration

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. There is no certainty that properties which the Company has described as assets on its balance sheet will be realized at the amounts recorded. The only sources of future funds for further exploration programs or, if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Although the Company has been successful in 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.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

Employees

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 generated revenues from its operations to date. During the year ended July 31, 2021, the Company incurred a net loss of \$371,124 (2020 - \$66,715) and, as of that date, had a deficit of \$33,463,971 (2020 - \$33,092,847). The Company currently has sufficient cash resources and working capital of \$1,221,002 as at July 31, 2021 (2020 - \$18,696) of which the Company has \$809,475 of flow through expenditure requirements on or before December 31, 2022 (July 31, 2020 - \$Nil). The Company will continue to have to raise funds beyond its current working capital balance in order to continue the development of its exploration properties and general operations. These conditions indicate the existence of material uncertainties, which casts significant doubt about the Company's ability to continue as a going concern.

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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 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.

COVID-19 Pandemic Risk - Exploration

As a result of the COVID pandemic, British Columbia has implemented a number of quarantine measures. With these measures in place, the Company in certain cases has modified its exploration plans by setting up with a camp onsite or within close proximity of a project and avoiding public places such as restaurants and hotels while out in the exploration field when required.

Further governmental actions to contain the outbreak may impact our ability to complete our planned exploration programs. The global pandemic could cause temporary closure of businesses in regions that are significantly impacted by the health crises, or cause governments to take or continue to take preventative measures such as the closure of points of entry, including inter provincial travel which could impact our ability to staff operations.

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 releases and other information can be obtained on SEDAR at www.sedar.com.