



## **For the Three Months Ended October 31, 2021**

The following management's discussion and analysis ("MD&A") has been prepared as of December 9, 2021 and should be read in conjunction with Damara Gold Corp.'s unaudited condensed interim financial statements for the three months ended October 31, 2021 and comparative period ended October 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](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: 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.

### ***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**

On December 6, 2021 the Company announced it will complete a non-brokered private placement (the "**Offering**") consisting of 1,666,667 common shares of the Company issued on a flow-through basis (the "**FT Shares**") at a price of \$0.09 per FT Share for gross proceeds of \$150,000 (the "**FT Proceeds**")

On December 8, 2021 the Company announced it would be increasing the Offering to include up to 1,944,444 FT Shares for gross proceeds of up to \$175,000.

The Offering remains subject to the approval of the TSX Venture Exchange. The FT Proceeds will be used by the Company to incur eligible Canadian exploration expenses that will qualify as flow-through mining expenditures to advance the Company's Placer Mountain Gold Project in British Columbia. All qualifying expenditures will be renounced in favour of the subscribers of the FT Shares effective December 31, 2021.

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

Consideration for the Assignment included the issuance of 9.9% of the Damara's issued and outstanding shares to Canagold (3,594,941 – issued to date) and a further issuance of common shares resulting in Canagold's beneficial ownership of 19.9% of Damara's issued and outstanding on or before December 31, 2021.

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Upon completion of the remaining earn-expenditures pursuant to the terms of the Option Agreement, the Company exercised its rights under the Option and acquire its 75% interest. Thereafter, 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.

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**").

**Exploration and Outlook**

As previously reported the Company completed its Phase II 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. Results to date on the trenching program include:

**Table 1 – Select Results from Preliminary Trenching Program at the Kodiak Zone**

Trench	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
<b>TR-01</b>	<b><u>20</u></b>	<b><u>28</u></b>	<b><u>8</u></b>	<b><u>2.56</u></b>	<b><u>8.34</u></b>
including	<b><u>27.5</u></b>	<b><u>28</u></b>	<b><u>0.5</u></b>	<b><u>31.20</u></b>	<b><u>99.40</u></b>
and	<b><u>65.5</u></b>	<b><u>68.5</u></b>	<b><u>3</u></b>	<b><u>3.56</u></b>	<b><u>6.70</u></b>
and	126	126.5	0.5	2.32	7.40
<b>TR-02</b>	12	28	16	0.42	1.53
including	12	13	1	3.80	12.20
and	<b><u>58</u></b>	<b><u>62</u></b>	<b><u>4</u></b>	<b><u>3.00</u></b>	<b><u>9.70</u></b>
<b>TR-03</b>	9	12	3	1.03	1.70
and	<b><u>40.5</u></b>	<b><u>85</u></b>	<b><u>44.5</u></b>	<b><u>0.70</u></b>	<b><u>1.53</u></b>
including	40.5	49	8.5	2.36	4.17
including	47.5	49	1.5	9.40	18.70
including	78.8	79	0.2	29.30	78.40

*The intervals reported in these tables represent trench intercepts and insufficient data are available at this time to state the true thickness of the mineralized intervals.*

See news release of December 2, 2021 for additional details on the trenching results and the Company's website [www.damaragoldcorp.com](http://www.damaragoldcorp.com) for further details exploration results to date.

**Outlook**

**2,000-meter 2021 Drill Program Underway**

On November 19, 2021 the Company commenced its 2000 meter drill program of which 1,000 meters are planned for the Main Zone and a further 1000 meters at the recently discovered Kodiak Zone.

The recent 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. Additionally due to the effects of the flooding, the Company has incurred increased costs on the current program and is anticipating being over budget on its \$900k program by approximately 15%.

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As announced in a December 2, 2021 news release, drilling at Placer Mountain is progressing at a rapid pace, despite these setbacks. Some 1,169 meters of drilling have been completed in 10 holes, covering approximately 400 meters of strike along the Main Zone, a substantial increase to the strike length tested in 2020. The 2021 program has also led to a greater understanding of the geology and controls to mineralization at the Main Zone. Longer drill holes resulted in the intersection of additional veins within the zone as well. The drill rig has now moved to the Kodiak Zone, having successfully completed all the planned holes at the Main Zone.

There remains a backlog on cutting and sampling of the core due to the rapid pace of the drilling as well as disruptions from flooding in the local town of Princeton, however the Company remains on track to have all the core cut, sampled and in the lab by end of the December 2021.

**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.

***Expenditures to date on Exploration and Evaluation Assets during the three months ended October 31, 2021 include:***

	<b>Princeton Property</b>
Balance at July 31, 2021	\$ 674,270
<b>Acquisition costs</b>	
Cash payments	<b>25,000</b>
Total Acquisition Costs	<b>25,000</b>
<b>Exploration Costs</b>	
Assaying	<b>104,643</b>
Camp and site costs	<b>17,470</b>
Fieldwork	<b>42,313</b>
Field supplies	<b>112</b>
Geological	<b>4,313</b>
GIS Mapping and reports	<b>1,190</b>
Equipment rental	<b>10,177</b>
Travel/Site	<b>679</b>
Total Exploration costs	<b>180,897</b>
<b>Balance at October 31, 2021</b>	<b>\$880,167</b>

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*Expenditures during the year ended July 31, 2021 included:*

	<b>Princeton Property</b>
Balance at July 31, 2020	\$ -
<b>Acquisition costs</b>	
Option payments - Shares	<b>292,922</b>
Total Acquisition Costs	<b>292,922</b>
<b>Exploration Costs</b>	
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	<b>381,348</b>
<b>Balance at July 31, 2021</b>	<b>\$674,270</b>

***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 three months ended October 31, 2021 and 2020**

For the three months ended October 31, 2021 the Company reported a \$38,297 net loss and comprehensive loss or \$0.00 basic and diluted loss per share compared to a \$98,600 or \$0.00 income per share for the same comparative period ended October 31, 2020. The loss was attributed to general and administrative operating costs of \$38,627 (2020 - \$33,154), property evaluation costs for project generation of \$Nil (2020 - \$65,446) off-set by interest revenue of \$331 (2020 - \$Nil).

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

	<b>2021</b>	<b>2020</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounting and legal	1,415	5,971	(4,556)
Consulting	24,363	14,980	9,383
Website, shareholder communication	2,206	2,250	(44)
Office and administration fees	3,180	3,169	12
Insurance	3,394	1,514	1,881
Exchange and regulatory fees	-	1,538	(1,538)
Rent	3,000	3,000	-
Transfer agent fees	1,070	732	338
	<b>38,628</b>	<b>33,154</b>	<b>5,475</b>

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Significant variances to note were:

Accounting and legal – the Company saw a decrease in professional fees wherein the prior period legal fees were connection with the Placer Mountain Assignment;

Consulting – the increase in consulting fees from prior period was primarily due to an increase in CEO fees from \$2,500 per month to \$5,000 per month from the prior period (see Key Management Compensation);

Insurance – the Company recorded an increase in insurance expense with respect to the an increase in D&O insurance premiums for the current period.

**Summary of quarterly results**

<b>FY 2022</b>	<b>Q1 \$ Oct 22</b>
Revenues	—
Net loss and comprehensive loss	(38,297)
Net loss and comprehensive loss per share	(0.00)

<b>FY 2021</b>	<b>Q1 \$ Oct 20</b>	<b>Q2 \$ Jan 21</b>	<b>Q3 \$ April 21</b>	<b>Q4 \$ July 21</b>
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)

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

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

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 is operating activities as described hereinabove.

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.

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**Liquidity and capital resources**

	<b>October 31 2021</b>	<b>July 31 2021</b>
<b>Financial position:</b>		
Cash	<b>\$ 496,775</b>	\$ 496,497
Restricted cash	<b>\$ 640,048</b>	\$ 809,475
Working capital	<b>\$ 976,807</b>	\$ 1,221,002
Total Assets	<b>\$2,077,419</b>	\$ 2,019,417
Shareholders' equity	<b>\$1,856,975</b>	\$ 1,895,272

As at October 31, 2021 the Company had a working capital of \$976,807 (July 31, 2021 - \$1,221,002). Included in the working capital balance is restricted cash in connection with the requirement to complete flow through expenditures of \$640,048 (July 31, 2021 - \$809,475) on or before December 31, 2022.

	<b>For the Three Months Ended October 31</b>	
	<b>2021</b>	<b>2020</b>
Cash flows used in operating activities:		
- before non-cash working capital adjustments	<b>\$ (38,297)</b>	\$ (98,600)
Changes in non-cash working capital		
- Receivables	<b>(24,863)</b>	(4,691)
- Prepays	<b>3,609</b>	
- Trade and other payables	<b>(144,997)</b>	81,231
Cash flows provided in investing activities	<b>35,399</b>	-
Cash flows provided by financing activities	<b>-</b>	60,000
Increase (decrease) in cash during the period	<b>(169,149)</b>	37,940
Cash and restricted cash beginning of period	<b>1,305,972</b>	68,623
Cash and restricted cash end of period	<b>\$ 1,136,823</b>	\$ 106,563
<b>Composition of cash and restricted cash</b>		
Cash	<b>\$ 496,775</b>	\$ 106,563
Restricted Cash	<b>640,048</b>	-
<b>Cash and restricted cash end of the period</b>	<b>\$ 1,136,823</b>	<b>\$ 106,563</b>

For the three months ended October 31:

- Cash flows used in operating activities decrease 2021 was primarily attributed to property investigation costs incurred in the prior period and exploration expenditures capitalized in the current period.
- Cash flows provided in investing activities relate to exploration expenditures as outlined hereinabove on the Placer Mountain project (2020 - \$Nil).
- Cash flows from financing activities in the prior period relate to subscription receipts received in connection with a financing completed in December 2020.

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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.

The Company believes that its cash and cash equivalents on hand will enable the Company to fund future overhead working capital for the next 12 months and complete its current exploration program as described hereinabove. The Company anticipates the current Offering will provide the additional funding to cover the anticipated budget overrun as described hereinabove. Company will require additional funding to complete any further significant development of its exploration and evaluation assets.

**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**

The Company's related parties include key management personnel and directors. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer. Compensation for key management and personnel, including Company officers, directors, and private companies controlled by officers and directors, was as follows:

	<b>October 31 2021</b>	<b>October 31 2020</b>
Key management personnel compensation comprised :		
Consulting fees	<b>\$24,363</b>	\$14,980
Administration	<b>2,050</b>	\$1,450
	<b>\$26,413</b>	\$16,430

Included in trade and other payables are amounts due to officers, directors and former officers, directors and related parties for fees and expenses of \$14,097 at October 31, 2021 (July 31, 2021 - \$6,166).

**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 \$3,000 (2020 - \$3,000).

### ***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 financial statements are discussed below.

### **Critical Estimates**

#### *Valuation of Share-based Payments*

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

### **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.

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, 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.

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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 October 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.

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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;
- 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, 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**

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
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
<b>Total</b>		<b>18,203,184</b>

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**Share Purchase Warrants**

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
August 31, 2022 <sup>1</sup>	\$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
<b>Total</b>		<b>18,203,184</b>

**Agent Warrants**

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

**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 three months ended October 31, 2021, the Company incurred a net loss of \$38,297 (2020 - \$98,600) and, as of that date, had a deficit of \$33,502,268 (July 31, 2021 - \$33,463,970). The Company currently has sufficient cash resources and working capital of \$976,807 as at October 31, 2021 (July 31, 2021 - \$1,221,002) of which the Company has \$640,048 of flow through expenditure requirements on or before December 31, 2022 (July 31, 2021 - \$809,475). The required flow-through expenditures as at October 31, 2021 of \$604,048 (July 31, 2021 - \$809,475) is recorded as restricted cash. 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.

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](http://www.sedar.com).