



## **For the Year Ended July 31, 2022**

The following management's discussion and analysis ("MD&A") has been prepared as of November 25, 2022 and should be read in conjunction with Damara Gold Corp.'s audited financial statements for the year ended July 31, 2022 and comparative year July 31, 2021. 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.

### **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:

- Completion of \$300,000 in earn-in exploration expenditures (completed);
- the issuance of 3,989,950 common shares with a fair value of \$292,922 issued on or before December 31, 2020 (issued); and
- the issuance of 9,841,371 common shares with a fair value of \$738,103 issued on or before December 31, 2021 (issued).

The Company exercised its rights under the Assignment and acquired a 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.

Pursuant to the terms of the JV Agreement, Universal's interest has been diluted to 18% as at April 30, 2022 for non-contribution to the exploration programs.

The Property is subject to a 1% NSR to Universal which can be purchased for \$1,000,000 and a 2% NSR to Wilson which can be reduced to 1% for cash payment of \$1,000,000.

### **Additional Ground**

The Company further staked an additional 10 mineral claims along strike of the Placer Mountain gold system, bringing the total land position to 17,519 hectares. The ground was acquired via direct staking by the Company when it became available on January 1 and April 1, 2022. Mapping by the Company last Summer, as well as airborne geophysical surveys have helped to refine the precise location of the important intrusive-volcanic contact, and the trend of high-grade gold mineralization intersected at the Main Zone and the Kodiak Zone.

The new claims adjoining the south end of the Property overlap a placer mining claim not owned by the Company, which indicate a potential placer gold bearing stream and bedrock source region to the south, within the Company's new ground. This placer claim and another within Placer Creek to the north overlap the Company's bedrock mineral rights.

### **Exploration and Outlook**

On December 22, 2021 the Company completed its 2021 drill program wherein 1,061 meters were drilled from 10 holes at the Main Zone and 709 meters were drilled in 8 holes at the new Kodiak Zone, for a total of 1,770 meters of drilling in 18 holes on the Property.

Highlights of the program include:

- ***MV-21-06 intersecting 1.40 meters of 34.12 g/t Au and 87.74 g/t Ag;***
- ***KZ-21-01 intersected 1.30 meters at 31.80 g/t gold and 47.3 g/t silver;***
- ***KZ-21-02 intersected 1.35 meters at 46.51 g/t gold and 32.2 g/t silver;***
- ***KZ-21-05 intersected 3.00 meters at 39.20 g/t gold and 80.4 g/t silver;***
- ***Kodiak Zone is still open in all directions, within a largely untested 1.5 km long and 600 meter wide high-grade soil anomaly open to the east;***
- ***To date only 200 meters of the 600 meter wide soil anomaly have been tested; Excellent potential for additional parallel veins below select high-grade float samples<sup>1</sup>***
- ***8,563 hectares of additional ground acquired along strike in both directions; brings total consolidated land position in the Copper Mountain district up to 17,519 hectares***
- ***New colour anomalies identified, appear stronger than Kodiak zone gossan, presenting strong geochemical targets for additional high-grade gold zones***

<sup>1</sup> ***The reader is cautioned that rock grab samples are selective by nature and may not represent the true grade or style of mineralization across the Property***

Assay results from the Main Zone include the following:

**Select Intercepts from Main Zone**

Hole	From (m)	To (m)	Length (m)*	Au (g/t)	Ag (g/t)
MV-21-01	36.25	38.00	1.75	3.67	34.10
And	62.50	63.00	0.50	3.12	11.40
And	92.00	92.50	0.50	1.82	9.00
And	162.00	162.50	0.50	1.93	9.40
<b>MV-21-02</b>	<b>48.50</b>	<b>49.40</b>	<b>0.90</b>	<b>19.80</b>	<b>83.00</b>
And	58.90	63.00	4.10	1.93	15.90
MV-21-03	6.15	9.00	2.85	0.40	2.22
MV-21-04	16.50	2.05	4.00	0.49	11.36
MV-21-05	12.00	14.50	2.50	0.27	36.42
<b>MV-21-06</b>	<b>62.80</b>	<b>64.25</b>	<b>1.45</b>	<b>34.12</b>	<b>87.74</b>
MV-21-07	86.80	87.30	0.5	<b>8.92</b>	28.5
AND	106.90	107.40	0.5	1.81	17.9
MV-21-08	86.20	86.50	0.3	3.69	33.6
AND	88.00	89.30	1.3	1.36	4.5
MV-21-09	76.40	77.00	0.6	3.29	3.6
MV-21-10	No significant results to report				

*\*The intervals reported in these tables represent drill intercepts and insufficient data are available at this time to state the true thickness of the mineralized intervals. All gold values are uncut.*

Assay results from the Kodiak Zone include the following:

**Select Intercepts from the Kodiak Zone**

Hole ID	From (m)	To (m)	Interval (m) <sup>2</sup>	Au (g/t)	Ag (g/t)
KZ-21-01	22.10	23.40	1.3	<b>31.80</b>	47.3
AND	82.25	82.55	0.3	3.30	7.7
AND	91.70	93.00	1.3	3.21	8.9
KZ-21-02	39.55	40.90	1.35	<b>46.51</b>	32.2
AND	47.25	47.60	0.35	1.04	3.1
KZ-21-03	32.25	32.55	0.3	0.53	2.1
KZ-21-04	35.70	36.00	0.3	1.46	5.9
<b>KZ-21-05</b>	<b>27.00</b>	<b>30.00</b>	<b>3.0</b>	<b>39.2</b>	<b>80.4</b>
KZ-21-06	21.00	22.05	1.05	0.96	8.4
KZ-21-07	64.65	64.95	0.3	1.11	2.3
KZ-21-08	45.40	45.80	0.4	<b>17.40</b>	77.5
AND	84.10	122.05	37.95	0.28	0.9
AND	139.35	150.25	10.9	0.23	0.8

*<sup>2</sup>The intervals reported in these tables represent drill intercepts and insufficient data are available at this time to state the true thickness of the mineralized intervals. All gold values are uncut.*

The 2021 drill program successfully extended high grade intercepts from the 2020 maiden drill program, including 1.0 m of 48.60 g/t Au and 30.80 g/t Ag (See April 5, 2021 News Release) and highlights the potential for a large scale orogenic gold system at Placer Mountain. The intersection of high-grade gold in

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MV-21-06 indicates significant expansion potential even further to the west, as the gold system now extends into areas previously untouched, due to thick overburden cover.

*See news releases of March 8, 2022, March 24, 2022 and April 7, 2022 and the Company's website [www.damaragoldcorp.com](http://www.damaragoldcorp.com) for further details exploration results to date including QA/QC methods.*

**Outlook****2022 Exploration Program**

The Company continues to consolidate its 2022 exploration plans for Placer Mountain, which will be focused on further drilling of this orogenic gold system at depth and along strike at both the Main Zone and the Kodiak Zone. The program will also include extensive soil sampling and geologic field investigations, both on its existing claims, as well as on the larger regional land package recently acquired.

**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 year end July 31, 2022 include:***

	<b>Placer Mountain</b>
Balance at July 31, 2021	\$ 674,270
<b>Acquisition costs</b>	
Staking costs	18,344
Cash payments	25,000
Option payments - Shares	738,103
Total Acquisition Costs	781,447
<b>Exploration Costs</b>	
Assaying	173,800
Camp and site costs	27,488
Community relations	2,996
Drilling	492,223
Fieldwork	134,293
Field supplies	3,720
Geological	58,259
GIS Mapping and reports	32,928
IP Survey & Geophysics	-
Permitting	1,595
Equipment rental	46,198
Technical reports	-
Travel/Site	16,036
Total Exploration costs	989,537
Recovery of exploration and evaluation expenditures	(84,006)
<b>Balance at July 31, 2022</b>	<b>\$ 2,361,248</b>

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

	<b>Placer Mountain</b>
Balance at July 31, 2020	\$ -
<b>Acquisition costs</b>	
Option payments - Shares	292,922
Total Acquisition Costs	292,922
<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	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, 2022, 2021 and 2020. The following annual results are compliant with IFRS.

	<b>Years Ended</b>		
	<b>July 31 2022</b>	July 31 2021	July 31 2020
Total revenue	\$Nil	\$Nil	\$Nil
Net loss and comprehensive loss	\$(217,328)	\$(371,124)	\$(66,715)
Net loss per share basic and diluted	\$(0.00)	\$(0.01)	\$(0.00)
Total assets	\$2,724,485	\$2,019,417	\$71,003
Current liabilities	\$130,330	\$124,145	\$52,307
Long term liabilities	—	—	—
Shareholders' equity	\$2,494,155	\$1,895,272	\$18,696

***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 years ended July 31, 2022 and 2021**

For the year ended July 31, 2022 the Company reported a \$217,328 net loss and comprehensive loss or \$0.00 basic and diluted loss per share compared to a \$371,124 or \$0.01 loss per share for the same comparative year ended July 31, 2021. The loss was attributed to general and administrative operating costs of \$208,309 (2021 - \$193,802), off-set by interest revenue of \$1,990 (2021 - \$Nil) and other revenue of \$18,441 (2021 - \$Nil) in connection with the extinguishment of flow through expenditures.

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The following outlines the details of general and administration costs and the variance of same for the year end July 31, 2022 and 2021 as follows:

	2022 \$	2021 \$	Variance \$
Accounting and legal	24,372	37,336	(12,964)
Consulting	92,480	64,893	27,588
Website, shareholder communication, conferences	25,038	17,376	7,662
Office and administration fees	20,791	38,229	(17,437)
Insurance	11,307	8,326	2,981
Exchange and regulatory fees	14,052	9,563	4,489
Rent	12,000	12,000	-
Transfer agent fees	5,519	1,256	4,263
Travel	2,750	4,824	(2,074)
	<b>208,309</b>	193,802	<b>14,507</b>

During the year end July 31, 2022 the Company saw a slight increase in expenditures of 7%.

Significant variances to note were:

Accounting and legal – the Company recorded a decrease in professional fees wherein the prior period legal fees were in 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 year;

Website, shareholder communication – the Company incurred additional expenses in the current period for promotion consulting work, news release dissemination as well as with the lessening of Covid 19 restrictions incurred costs related to the attendance at mining conferences in comparison to the prior year;

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

**Summary of quarterly results**

	Q1 \$ Oct 21	Q2 \$ Jan 22	Q3 \$ April 22	Q4 \$ July 21
<b>FY 2022</b>				
Revenues	—	—	—	—
Net loss and comprehensive loss	(77,528)	(54,474)	(35,971)	(65,531)
Net loss and comprehensive loss per share	(0.00)	(0.00)	(0.00)	(0.00)

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

**Fourth Quarter**

The Company recorded a net loss and comprehensive loss of \$65,532 for the three months ended July 31, 2022. The loss for the current year was attributed to general and administrative costs of \$66,838 and share-based payments of \$6,396.

**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 its operating activities as described hereinabove.

**Liquidity and capital resources**

	July 31 2022	July 31 2021
<b>Financial position:</b>		
Cash	\$298,495	\$496,497
Restricted cash	\$9,013	\$809,475
Working capital	\$232,907	\$1,221,002
Total Assets	\$2,724,485	\$2,019,417
Shareholders' equity	\$2,594,155	\$1,895,272

As at July 31, 2022 the Company had a working capital of \$232,907 (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 \$9,013 (July 31, 2021 - \$809,475) on or before December 31, 2022.

	For the Years Ended July 31	
	2022	2021
Cash flows used in operating activities before non-cash working capital adjustments	\$ (206,319)	\$ (257,448)
Changes in non-cash working capital		
- Receivables	(31,828)	(899)
- Prepays	15,274	(20,896)
- Trade and other payables	2,422	1,050
Cash flows used in investing activities	(946,114)	(310,560)
Cash flows provided by financing activities	168,101	1,826,102
Increase (decrease) in cash during the year	(998,464)	1,237,348
Cash and restricted cash beginning of year	1,305,972	-
Cash and restricted cash end of year	\$ 307,508	\$ 1,237,348
<b>Composition of cash and restricted cash</b>		
Cash	\$ 298,495	\$ 496,497
Restricted Cash	9,013	809,475
<b>Cash and restricted cash end of the year</b>	\$ 307,508	\$ 1,305,972

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For the year ended July 31, 2022:

- Cash flows used in operating activities decreased from 2021 was primarily attributed to the property investigation costs incurred in the prior year and exploration expenditures capitalized in the current year.
- Cash flows provided in investing activities relate to exploration expenditures as outlined hereinabove on the Placer Mountain project
- Cash flows from financing activities net of share issue costs relate to private placements completed during the year.

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 fulfill the remaining \$9,013 in flow-thru expenditure requirements. The Company will require additional funding to complete its anticipated 2023 Exploration Program.

***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:

	July 31 2022	July 31 2021
Key management personnel compensation comprised :		
Consulting fees	\$92,480	\$78,493
Administration	15,413	\$31,338
Share-based payments	17,303	\$71,665
	<b>\$125,196</b>	<b>\$181,495</b>

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- (i) Consulting fees of \$60,000 (2021 - \$37,600) were paid and/or accrued to 43983 Yukon Inc. company, controlled by Lawrence Nagy, Chief Executive Officer, of the Company.
- (ii) Consulting fees of \$32,480 (2021- \$27,393) were paid and/or accrued to Minco Corporate Management Inc. ("Minco"), a company controlled by Terese Gieselman, the Chief Financial Officer of the Company.
- (iii) Administrative fees of \$15,413 (2021 - \$31,338) were paid and/or accrued to Minco in relation to providing administrative and accounting services.
- (iv) Consulting fees of \$Nil (2021 - \$13,600) paid to Yeomans Geological Consulting a company controlled by a former director Bill Yeomans. Mr. Yeoman's resigned on January 21, 2022.

Included in trade and other payables are amounts due to officers and directors and related parties for fees and expenses of \$8,502 at July 31, 2022 (2021 - \$6,166).

**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 during the year ended July 31, 2022 of \$12,000 (2021 - \$12,000).

**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***Impairment of Exploration and Evaluation Assets*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. The assessment of impairment indicators, impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

### *Mining Exploration Tax Credits*

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits. During the year ended July 31, 2022 the Company received a mining tax credit refund of \$84,006 (July 31, 2021 - \$Nil) for exploration and evaluation expenditures during the years ended July 31, 2021 on the Placer Mountain Property.

### *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**

There have been no accounting pronouncements with significant impact on the Company's financial statements.

### **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 July 31, 2022, 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, 2022.

#### 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;
- 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 July 31, 2022.

***Outstanding Share Data***

Damara's authorized capital is unlimited common shares without par value. As at the date of this report 69,515,389 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 Options</b>
	July 26, 2026	\$0.08	2,100,000
	December 30, 2026	\$0.08	100,000
	January 21, 2027	\$0.08	300,000
	June 9, 2027	\$0.08	200,000
			<b>2,700,000</b>

***Share Purchase Warrants***

	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
	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>13,203,184</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 nine months ended April 30, 2022, the Company incurred a net loss of \$217,328 (2021 - \$371,124) and, as of that date, had a deficit of \$33,681,299 (July 31, 2021 - \$33,463,970). The Company currently has sufficient cash resources and working capital of \$232,907 as at July 31, 2022 (July 31, 2021 - \$1,221,002) to complete the remaining \$9,013 of flow through expenditure requirement on or before December 31, 2022 (July 31, 2021 - \$809,475). The required flow-through expenditures as at July 31, 2022 of \$9,013 (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 had implemented a number of quarantine measures. When these measures were place, the Company in certain cases 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).