



Damara Gold Corp.

Condensed Interim Financial Statements (un-audited)

For the Three Months Ended October 31, 2022

Expressed in Canadian Dollars

DAMARA GOLD CORP.
Three Months Ended October 31, 2022 and 2021
(Expressed in Canadian Dollars)

<u>INDEX</u>	<u>PAGE</u>
• Notice of No Auditor Review	1
• Unaudited Condensed Interim Statements of Financial Position	2
• Unaudited Condensed Interim Statements of Comprehensive Loss	3
• Unaudited Condensed Interim Statements of Changes in Equity	4
• Unaudited Condensed Interim Statements of Cash Flows	5
• Notes to the Unaudited Condensed Interim Financial Statements	6-15

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

For further information please contact:

Lawrence Nagy, CEO or

Terese Gieselman, CFO

(250) 717-1840

DAMARA GOLD CORP.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (un-audited)

As at October 31, 2022 and July 31, 2022

Expressed in Canadian Dollars

	Note	2022	2021
ASSETS			
Current			
Cash and cash equivalents		\$ 199,389	\$ 298,495
Restricted cash			9,013
Receivables		2,777	54,710
Prepays	5	2,894	1,019
		205,060	363,237
Non Current			
Exploration and evaluation assets		2,383,526	2,361,248
Total Assets		\$ 2,588,586	\$ 2,724,485
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	6,10	37,794	129,328
Other liability		-	1,002
		37,794	130,330
Shareholders' Equity			
Share Capital	7	34,721,204	34,721,204
Contributed surplus		1,554,250	1,554,250
Deficit		(33,724,662)	(33,681,299)
Total Shareholders' Equity		2,550,792	2,594,155
Total Liabilities and Shareholders' Equity		\$ 2,588,586	\$ 2,724,485

Approved on behalf of the Board of Directors by:

/s/ Lawrence Nagy

Lawrence Nagy, Director

/s/ William Lindqvist

William Lindqvist, Director

The accompanying notes are an integral part of these condensed interim financial statements.

DAMARA GOLD CORP.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (un-audited)

For the three months ended October 31

Expressed in Canadian Dollars

	Note	2022	2021
Expenses			
Administrative and general	10	\$ 45,084	\$ 38,628
Total Expenses		(45,084)	(38,628)
Other items			
Interest revenue		719	331
Other income		1,002	-
Net loss and comprehensive loss for the period		\$ (43,363)	\$ (38,297)
Loss per share for the period - basic and diluted	11	\$ (0.00)	\$ (0.00)

The accompanying notes are an integral part of these condensed interim financial statements.

DAMARA GOLD CORP.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (un-audited)

For the three months ended October 31

Expressed in Canadian Dollars

	Share Capital	Contributed Surplus	Deficit	Total
Balance at July 31, 2021	\$ 33,834,443	\$ 1,524,800	\$ (33,463,970)	\$ 1,895,272
Net loss for the period			(38,297)	(38,297)
Balance at October 31, 2021	\$ 33,834,443	\$ 1,524,800	\$ (33,502,268)	\$ 1,856,975

	Share Capital	Contributed Surplus	Deficit	Total
Balance at July 31, 2022	34,721,204	1,554,250	(33,681,299)	2,594,155
Net loss for the period	-	-	(43,363)	(43,363)
Balance at October 31, 2022	\$ 34,721,204	\$ 1,554,250	\$ (33,724,662)	\$ 2,550,792

The accompanying notes are an integral part of these condensed interim financial statements.

DAMARA GOLD CORP.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF CASH FLOWS (un-audited)

For the three months ended October 31

Expressed in Canadian Dollars

	Note	2022	2021
OPERATING ACTIVITIES			
Loss for the period		\$ (43,363)	\$ (38,297)
Items not affecting cash			
Other revenue		(1,002)	-
Changes in non-cash working capital			
Receivables		51,933	(24,863)
Prepaid expenses and advances		(1,875)	3,609
Trade and other payables		(20,429)	(144,997)
Cash used in operating activities		(14,736)	(204,549)
INVESTING ACTIVITIES			
Exploration and evaluation asset expenditures	5	(93,383)	35,399
Total cash (used) provided in investing activities		(93,383)	35,399
Decrease in cash during the period		(108,119)	(169,149)
Cash beginning of period		307,508	1,305,972
Cash end of period		\$ 199,389	\$ 1,136,823
Composition of cash and restricted cash			
Cash		\$ 199,389	\$ 496,775
Restricted Cash		-	640,048
Cash and restricted cash end of the period		\$ 199,389	\$ 1,136,823

Supplemental Disclosure with Respect to Cash Flows (Note 13)

The accompanying notes are an integral part of these condensed interim financial statements.

DAMARA GOLD CORP.

Notes to Financial Statements

For the Three Months Ended October 31, 2022 and 2021 (un-audited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Damara Gold Corp. (“Damara” or the “Company”) was incorporated on August 1, 1989 under the *Business Corporations Act* of British Columbia as Solomon Resources Limited. On September 30, 2014, the Company changed its name to Damara Gold Corp. Effective October 1, 2014 the Company commenced trading on the TSX Venture Exchange (the “Exchange”) under the symbol “DMR” as a Tier 2 issuer.

The Company is in the business of identifying and acquiring prospective and under-explored gold properties worldwide. The Company’s corporate head office is at Suite 335 – 1632 Dickson Avenue, Kelowna, BC V1Y 7T2.

2. BASIS OF PREPARATION AND CONTINUANCE OF OPERATIONS

These condensed interim financial statements for the three-month period ended October 31, 2022 and 2021 and have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s July 31, 2022 audited annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee. The preparation of condensed interim financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in Note 4.

The financial statements were authorized for issue by the Board of Directors on December 8, 2022.

These condensed interim financial statements have been prepared on the historical cost basis, except for certain financial assets, which have been measured at fair value. The methods used to measure fair value are discussed in Note 3 of the Company’s July 31, 2022 audited annual financial statements. In addition, these financial statements have been prepared using the accrual basis of accounting, except cash flow information. The condensed interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency. These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not generated revenues from its operations to date. During the three months ended October 31, 2022 the Company incurred a net loss of \$43,363 (2021 - \$38,297) and, as of that date, had a deficit of \$33,724,662 (July 31, 2022 - \$33,681,299). The Company currently has sufficient cash resources and working capital of \$167,267 as at October 31, 2022 (July 31, 2022 - \$232,907) of which the Company has \$Nil of flow through expenditure requirements on or before December 31, 2022 (July 31, 2022 - \$9,013). 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.

DAMARA GOLD CORP.

Notes to Financial Statements

For the Three Months Ended October 31, 2022 and 2021 (un-audited)

(Expressed in Canadian Dollars)

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

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 cast significant doubt about the Company's ability to continue as a going concern.

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. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim financial statements are consistent with the accounting policies disclosed in Note 3 of the Company's audited financial statements for the year ended July 31, 2022. These condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended July 31, 2022.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these financial statements are discussed below.

DAMARA GOLD CORP.

Notes to Financial Statements

For the Three Months Ended October 31, 2022 and 2021 (un-audited)

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)**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.

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.

DAMARA GOLD CORP.

Notes to Financial Statements

For the Three Months Ended October 31, 2022 and 2021 (un-audited)

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS*Placer Mountain Property, British Columbia*

	Placer Mountain
Balance at July 31, 2021	\$ 674,270
Acquisition costs	781,447
Exploration costs	989,537
Recovery of exploration and evaluation expenditures	(84,006)
Balance at July 31, 2022	\$ 2,361,248
Acquisition costs	-
Exploration costs	22,278
Balance at October 31, 2022	\$ 2,383,526

On October 15, 2020, Damara entered into an assignment and assumption agreement with Canagold Resources Ltd. (“**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.

The Property is subject to a 1% net smelter return (“**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 purchase 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 and on August 4, 2021 the parties entered into a definitive joint venture agreement (the “**JV Agreement**”). Pursuant to the terms of the Option Agreement, Damara made the cash payment of \$25,000 to Universal on execution of the JV Agreement. Pursuant to the terms of the JV Agreement, Universal’s interest has been diluted to 17% as at October 31, 2022 (July 31, 2022 – 17%) for non-contribution to the exploration programs.

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).

DAMARA GOLD CORP.

Notes to Financial Statements

For the Three Months Ended October 31, 2022 and 2021 (un-audited)

(Expressed in Canadian Dollars)

6. OTHER LIABILITY

	Issued On December 17 2021
Balance at July 31, 2021	\$-
Liability incurred on flow-through shares issued	19,443
Settlement of flow-through share liability on incurring expenditures	(18,442)
Balance at July 31, 2022	1,001
Settlement of flow-through share liability on incurring expenditures	(1,001)
Balance at October 31, 2022	\$-

On December 17, 2021, the Company completed a private placement for 1,944,444 flow-through common shares (“**FT Share**”) at a price of \$0.09 per FT Share, for gross proceeds of \$174,999. The residual amount allocated to the flow-through premium liability was \$19,443.

As at October 31, 2022, the Company had incurred \$174,999 of qualifying Canadian Exploration Expenditures (“**CEE**”) thereby fulfilling \$19,443 (July 31, 2022 - \$18,442) of the liability. The extinguishment of the liability was recognized as other income during the three months ended October 31, 2022 of \$1,002 (2021 - \$Nil).

7. SHARE CAPITAL**(a) Authorized Share Capital**

The Company’s authorized share capital consists of an unlimited number of common shares without par value.

(b) Common Shares

	Note	Number	Issue Price	Total
Balance at July 31, 2021		57,729,574		\$33,834,443
Shares issued for private placement		1,944,444	\$0.09	174,999
Shares issued for exploration and evaluation assets	5	9,841,371	\$0.075	738,103
Share issue costs		-	-	(6,898)
Flow-through premium liability	6	-	-	(19,443)
Balance at July 31, 2022 and October 31, 2022		69,515,389	-	\$34,721,204

During the three months ended October 31, 2022 there were no share issuances.

DAMARA GOLD CORP.

Notes to Financial Statements

For the Three Months Ended October 31, 2022 and 2021 (un-audited)

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd)**(b) Common Shares (cont'd)**

During the year ended July 31, 2022, the Company issued the following:

On December 17, 2021, the Company issued 1,944,444 common shares of the Company on a flow-through basis (the “**2021 FT Shares**”) at a price of \$0.09 per 2021 FT Shares for gross proceeds of \$174,999.

On December 31, 2021, the Company issued 9,841,371 common shares pursuant to the Option as described in Note 5 hereinabove. The common shares were valued at \$738,103 as determined by the market price when issued being \$0.075 per share.

(c) Share Purchase Warrants

The following is a summary of changes in warrants from August 31, 2021 to October 31, 2022:

	Number of Warrants	Weighted Average Exercise Price
Balance at July 31, 2021 and 2022	18,203,184	\$0.13
Expired	(5,000,000)	\$0.10
Balance at October 31, 2022	13,203,184	\$0.13

As at October 31, 2022, the 13,203,184 share purchase warrants have a weighted average remaining contractual life of 0.41 (July 31, 2022 – 0.51) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Expiry Date	Exercise Price	Number of Warrants
December 7, 2022 ¹	\$0.10	5,000,000
May 31, 2023	\$0.15	4,484,128
June 17, 2023	\$0.15	3,719,056
Total		13,203,184

¹ Subsequent to October 31, 2022, 5,000,000 warrants at an exercise price of \$0.10 expired without exercise.

(b) Agents' Warrants

There were no changes in agents' warrants from August 1, 2021 to October 31, 2022:

	Number of Warrants	Weighted Average Exercise Price
Balance at July 31, 2021 and 2022	1,021,140	\$0.14

DAMARA GOLD CORP.

Notes to Financial Statements

For the Three Months Ended October 31, 2022 and 2021 (un-audited)

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd)**(c) Agents' Warrants (cont'd)**

As at October 31, 2022, the 1,021,140 agent warrants have a weighted average remaining contractual life of 0.49 (July 31, 2022 - 0.74) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

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

¹ Subsequent to October 31, 2022, 226,320 agents' warrants at an exercise price of \$0.10 expired without exercise

8. SHARE-BASED PAYMENTS**(a) Option Plan Details**

The Company adopted a stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall be not be less than the discounted market price as defined in the policies of the Exchange on the grant date. All options vest when granted unless otherwise specified by the Board of Directors.

Stock option activity from August 1, 2021 to October 31, 2022 was as follows:

	Number of Options	Weighted Average Exercise Price
Balance at July 31, 2021	2,300,000	\$0.08
Granted	600,000	\$0.08
Expired	(200,000)	\$0.08
Balance at July 31, 2022 and October 31, 2022	2,700,000	\$0.08

As at July 31, 2022, the following options were outstanding:

Expiry Date	Exercise Price	Number of Options
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
		2,700,000

DAMARA GOLD CORP.

Notes to Financial Statements

For the Three Months Ended October 31, 2022 and 2021 (un-audited)

(Expressed in Canadian Dollars)

8. SHARE-BASED PAYMENTS**(a) Option Plan Details**

As at October 31, 2022, 2,700,000 (July 31, 2022 - 2,700,000) options were outstanding and exercisable with a weighted average remaining contractual life of 3.87 (July 31, 2022 – 4.12) years.

(b) Fair Value of Options Issued During the Period

During the three months ended October 31, 2022 and 2021 there were no options granted.

9. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	For the Three Months Ended October 31	
		2022	2021
Accounting and legal		\$218	\$1,415
Consulting	9	20,525	24,363
Website, shareholder communication, conferences		12,867	2,206
Office and administration fees	9	4,503	3,180
Insurance		1,846	3,394
Rent	9	3,000	3,000
Transfer agent fees		983	1,070
Travel		1,143	-
		\$45,084	\$38,628

10. KEY MANAGEMENT COMPENSATION

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

	October 31 2022	October 31 2021
Key management personnel compensation comprised:		
Consulting fees	\$20,525	\$24,363
Administration	3,594	\$2,050
	\$24,119	\$26,413

Included in trade and other payables are amounts due to officers and directors and related parties for fees and expenses of \$9,845 at October 31, 2022 (July 31, 2022 - \$8,502).

DAMARA GOLD CORP.

Notes to Financial Statements

For the Three Months Ended October 31, 2022 and 2021 (un-audited)

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS**Rent**

The Company currently pays Golden Ridge Resources Ltd. (a company with common directors and officers) rent and expenses on a month-to-month basis for shared offices space for total rent during the three months ended October 31, 2022 of \$3,000 (2021 - \$3,000).

12. LOSS PER SHARE

	October 31 2022	October 31 2021
Net loss attributable to ordinary shareholders	(\$43,363)	(\$38,297)
Weighted average number of common shares	69,515,389	\$57,729,574
Basic and diluted loss per share	(\$0.00)	(\$0.00)

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

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the three months ended October 31, 2022 and 2021 the following transactions were excluded from the statements of cash flows:

- i) Included in accounts payable is \$2,444 (2021 - \$170,509) of exploration expenditures that are capitalized to exploration and evaluation assets.

During the periods ended October 31, 2022 and 2021, the Company paid \$Nil for income taxes and interest.

14. SEGMENT REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Canada. The Company's non-current assets as at October 31, 2022 and July 31, 2022 are all in Canada.