



For the Year Ended July 31, 2023

The following management's discussion and analysis ("MD&A") has been prepared as of November 27, 2023 and should be read in conjunction with Damara Gold Corp.'s audited financial statements for the year ended July 31, 2023 and comparative year July 31, 2022. The financial statements have been prepared in accordance with International Financial Reporting Standards and all numbers are reported in Canadian dollars, unless otherwise stated.

Throughout the report we refer to Damara, the "Company", "we", "us", "our" or "its". All these terms are used in respect of Damara Gold Corp. **Additional information on the Company can be found on SEDAR at www.sedar.com and the Company's website at www.damaragoldcorp.com.**

Cautionary Statement on Forward-Looking Information

This report contains "forward-looking statements", including, the Company's expectations as to but not limited to, comments regarding, any acquisition, the timing and content of any future work programs or exploration budgets, geological interpretations, receipt of property titles, and potential mineral recovery processes. Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. The material factors and assumptions used to develop the forward-looking statements and forward-looking information contained in this MD&A include the following: our approved budgets, exploration and assay results, results of the Company's planned exploration expenditure programs, estimated drilling success rates and other prospects. Due to the nature of the mineral resource industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent.

Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and Damara assumes no obligation to update forward-looking information in light of actual events or results.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, economic and political events affecting metal supply and demand, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, and other risks. Actual results may differ materially from those currently anticipated in such statements.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

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 and VanLab Property located in Quebec.

British Columbia

Placer Mountain Property

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 located approximately 35km south of Princeton, British Columbia.

The Company exercised its rights under the Assignment and acquired an initial 75% interest. Thereafter, Damara and Universal on August 9, 2021 entered into a 75% - 25% definitive joint venture agreement (the "**JV Agreement**").

Pursuant to the terms of the JV Agreement, Universal's interest has been diluted to 16% as at July 31, 2023 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.

Exploration and Outlook

On March 28, 2023 further to consultation with the BC Ministry of Energy, Mines, the Lower and Upper Similkameen Indian Bands, Damara received approval for its Application for Mines Act Permit (the "**Permit**") for Placer Mountain Project for a five year period.

Diamond drilling at Placer Mountain is planned to resume in 2024 and will focus on expanding intersections reported in April 7, 2022 News Release. The program will also look to include several other untested, high priority, Au in soil geochem anomalies identified within the 600m wide by 1.5 km Kodiak zone.

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Receipt of the Permit now allows for the Company's technical team to move forward on the preparation and budget for its planned 2024 field season program. The Company will require additional funds to complete the planned program.

See news releases of March 8, 2022, March 24, 2022 and April 7, 2022 and the Company's website www.damaragoldcorp.com for exploration results to date including QA/QC methods.

Quebec

VanLap Property

On December 22, 2022 the Company entered into purchase agreement (the "**Purchase Agreement**") to acquire a 100% undivided interest (the "**Interest**") in 203 mineral exploration claims located in the Labrador Trough region of Quebec, (collectively the "**VanLab Property**") with two arm's length sellers (the "**Sellers**").

Consideration to acquire the Interest included the following:

- a) the issuance of an aggregate of 4,000,000 units (each a "**Unit**") to the Sellers (issued Note 7). Each Unit is comprised of one common share (a "**Consideration Share**") in the capital of Damara and one non-transferable share purchase warrant (each a "**Warrant**"). Each Warrant entitles the Sellers to acquire one additional common share in the capital of Damara at an exercise price of \$0.25 until December 23, 2025; and
- b) Damara has granted to the Sellers a 2% net smelter return royalty (the "**NSR Royalty**")

Pursuant to the terms of the Purchase Agreement the Sellers may be entitled to a 0.5% net smelter return royalty in any interest Damara acquires in additional claims within an area of interest of the VanLab Property.

Exploration and Outlook

The Vanlab property covers a portion of the Labrador trough approximately 200 km northwest of Schefferville. Historical public data obtained from the files of the Ministère de l'Énergie et des Ressources naturelles-Québec indicates the presence of various minerals. The main potential interest includes vanadium, copper, cobalt and scandium. The Company's primary exploration focus for the VanLab Property will be vanadium, copper and cobalt. The Company will require additional funds to complete its planned 2024 program to include prospection and geology survey to locate, sample and map the mineralized zones to prepare for the next exploration phase which should consist of a drilling campaign.

See news release of May 23, 2023 and December 23, 2022 and the Company's website www.damaragoldcorp.com for further details.

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Expenditures to date on Exploration and Evaluation Assets during the year ended July 31, 2023 include:

| | Placer Mountain | VanLab | Total |
|---------------------------------|--------------------|------------------|--------------------|
| Balance at July 31, 2022 | \$2,361,248 | \$ - | \$2,361,248 |
| Acquisition costs | | | |
| Transfer of claims | - | 3,182 | 3,182 |
| Option payments - Units | - | 268,542 | 268,542 |
| Total Acquisition Costs | - | 271,724 | 271,724 |
| Exploration Costs | | | |
| Assaying | 12,510 | - | 12,510 |
| Community relations | 630 | - | 630 |
| Geological | 6,514 | - | 6,514 |
| GIS Mapping and reports | 8,933 | - | 8,933 |
| Permitting | 3,289 | - | 3,289 |
| Equipment rental | 833 | - | 833 |
| Travel/Site | 569 | - | 569 |
| Total Exploration costs | 33,278 | - | 33,278 |
| Balance at July 31, 2023 | \$2,394,526 | \$271,724 | \$2,666,250 |

Expenditures to date on Exploration and Evaluation Assets during the year ended July 31, 2022 include:

| | Placer Mountain |
|---|-----------------|
| Balance at July 31, 2021 | \$674,270 |
| Acquisition costs | |
| Staking costs | 18,344 |
| Cash payments | 25,000 |
| Option payments - Shares | 738,103 |
| Total Acquisition Costs | 781,447 |
| Exploration Costs | |
| 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 |
| Permitting | 1,595 |
| Equipment rental | 46,198 |
| Travel/Site | 16,036 |
| Total Exploration costs | 989,537 |
| Recovery of exploration and evaluation expenditures | (84,006) |
| Balance at July 31, 2022 | \$2,361,248 |

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the years ended July 31, 2023, 2022 and 2021. The following annual results are compliant with IFRS.

| | Years Ended | | |
|--------------------------------------|-----------------|-----------------|-----------------|
| | July 31 2023 | July 31 2022 | July 31 2021 |
| Total revenue | \$Nil | \$Nil | \$Nil |
| Net loss and comprehensive loss | \$(190,827) | \$(217,328) | \$(371,124) |
| Net loss per share basic and diluted | \$(0.00) | \$(0.00) | \$(0.01) |
| Total assets | \$2,749,047 | \$2,724,485 | \$2,019,417 |
| Current liabilities | \$78,384 | \$130,330 | \$124,145 |
| Long term liabilities | — | — | — |
| Shareholders' equity | \$2,670,663 | \$2,494,155 | \$1,895,272 |

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, 2023 and 2022

For the year ended July 31, 2023 the Company reported a \$190,827 net loss and comprehensive loss or \$0.00 basic and diluted loss per share compared to a \$217,328 or \$0.00 loss per share for the same comparative year ended July 31, 2022. The loss was attributed to general and administrative operating costs of \$194,734 (2022 - \$208,309) off-set by interest revenue of \$2,905 (2022 - \$1,990) and other revenue of \$1,002 (2022 - 18,441) in connection with the extinguishment of flow through expenditures.

The following outlines the details of general and administration costs for the years ended July 31, 2023 and 2022 as follows:

| | 2023 | 2022 | Variance |
|--|-----------|-----------|------------|
| Accounting and legal | \$29,553 | \$24,372 | 5,181 |
| Consulting | 87,748 | 92,480 | (4,732) |
| Website, shareholder communication, conferences | 18,793 | 25,038 | (6,245) |
| Office and administration fees | 17,354 | 20,792 | (3,438) |
| Insurance | 10,154 | 11,307 | (1,153) |
| Rent | 9,500 | 14,052 | (4,552) |
| Filing fees | 10,540 | 12,000 | (1,460) |
| Part XII.6 tax | 538 | - | 538 |
| Transfer agent fees | 4,462 | 5,519 | (1,057) |
| Travel | 6,092 | 2,749 | 3,343 |
| | \$194,734 | \$208,309 | \$(13,575) |

During the year ended July 31, 2023 the Company saw a net decrease in expenditures of approximately \$13,575 (6.5%) in all areas other than accounting and legal as result in reduction of activity and administrative personnel to reserve working capital. Accounting and legal saw increase primarily a result in increase of audit fees for 2023.

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Summary of quarterly results

| FY 2023 | Q1 Oct 31 23 | Q2 Jan 31 23 | Q3 Apr 30 23 | Q4 July 31 23 |
|---|-------------------------|-------------------------|-------------------------|--------------------------|
| Revenues | — | — | — | — |
| Net loss and comprehensive loss | \$(43,363) | \$(44,502) | \$(41,982) | \$(60,980) |
| Net loss and comprehensive loss per share | \$(0.00) | \$(0.00) | \$(0.00) | \$(0.00) |

| FY 2022 | Q1 Oct 31 21 | Q2 Jan 31 22 | Q3 Apr 30 22 | Q4 July 31 22 |
|---|-------------------------|-------------------------|-------------------------|--------------------------|
| Revenues | — | — | — | — |
| Net loss and comprehensive loss | \$(38,297) | \$(77,528) | \$(35,971) | \$(65,531) |
| Net loss and comprehensive loss per share | \$(0.00) | \$(0.00) | \$(0.00) | \$(0.00) |

Fourth Quarter

The Company recorded a net loss and comprehensive loss of \$60,980 (2022 - \$65,531) for the three months ended July 31, 2023. The loss for the current year was attributed to general and administrative costs of \$61,214 (2022 - \$66,838) and share-based payments of \$Nil (2022 - \$6,396).

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

The net loss for the period ended January 31, 2022 included share-based payments of \$23,054 in connection with the grant of stock options.

Liquidity and capital resources

| | July 31 2023 | July 31 2022 |
|----------------------------|---------------------|---------------------|
| Financial position: | | |
| Cash | \$ 29,810 | \$ 298,495 |
| Restricted cash | \$ - | \$ 9,013 |
| Working capital | \$ (45,587) | \$ 232,907 |
| Total Assets | \$ 2,749,047 | \$2,724,485 |
| Shareholders' equity | \$ 2,670,663 | \$2,594,155 |

As at July 31, 2023 the Company had a working capital deficiency of \$45,587 (July 31, 2022 - \$232,907 working capital). Included in the working capital balance is restricted cash in connection with the requirement to complete flow through expenditures of \$Nil (July 31, 2022 - \$9,013) on or before December 31, 2022.

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| | For the Years Ended | |
|---|---------------------|-------------------|
| | July | |
| | 2023 | 2022 |
| Cash flows used in operating activities before non-cash working capital adjustments | \$ (191,829) | \$ (206,319) |
| Changes in non-cash working capital | | |
| - Receivables | 52,837 | (31,828) |
| - Prepays | (95) | 15,274 |
| - Trade and other payables | 21,629 | 2,422 |
| Cash flows used in investing activities | (159,033) | (946,114) |
| Cash flows (used) provided by financing activities | (1,207) | 168,101 |
| Decrease in cash during the period | (277,698) | (998,464) |
| Cash and restricted cash beginning of year | 307,508 | 1,305,972 |
| Cash and restricted cash end of year | \$ 29,810 | \$ 307,509 |
| Composition of cash and restricted cash | | |
| Cash | \$ 29,810 | \$ 298,495 |
| Restricted Cash | - | 9,013 |
| Cash and restricted cash end of the year | \$ 29,810 | \$ 307,508 |

For the year ended July 31, 2023:

- Cash flows used in operating activities decrease slightly from 2022 was primarily attributed to the decrease in general and administrative costs as described herein above.
- Cash flows used in investing activities relate to exploration expenditures as outlined hereinabove on the Placer Mountain project and acquisition costs for the VanLab property as well as the reclamation bond purchased in connection with the Placer Mountain project.
- Cash flows (used) by financing activities in the current year relate to the share issue costs for the VanLab property acquisition a decrease from comparative year which included cash flows provided in connection with the completion of a private placement for net proceeds of \$168,101.

Financing

Subsequent to the financing announced in its news release of September 5, 2023 due to current market conditions the Company has been unable to complete the financing as announced. The Company is currently working on alternative financing plans to raise the required working capital and additional funds to complete its 2024 exploration plans and will update shareholders accordingly.

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.

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The Company will require additional funding to complete its anticipated 2024 Exploration Programs at the Placer Mountain Property and VanLab Property as well as provide working capital.

There can be no assurance that the Company will be successful in its endeavors to complete the Offering. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to further curtail its activities to a level for which funding is available and can be obtained.

Off balance-sheet arrangements

There are currently no off- balance sheet arrangements and no new information to report since the annual management's discussion and analysis.

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 2023 | July 31 2022 |
|--|------------------|------------------|
| Key management personnel compensation comprised: | | |
| Consulting fees | \$87,748 | \$92,480 |
| Administration | 13,406 | \$15,413 |
| Share-based payments | - | \$17,303 |
| | \$101,154 | \$125,196 |

- (i) Consulting fees of \$60,000 (2022 - \$60,000) were paid and/or accrued to 43983 Yukon Inc. company, controlled by Lawrence Nagy, Chief Executive Officer, of the Company.
- (ii) Consulting fees of \$27,748 (2022- \$32,480) 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 \$13,406 (2022 - \$15,413) were paid and/or accrued to Minco in relation to providing administrative and accounting services.

Included in trade and other payables are amounts due to officers and directors and related parties for fees and expenses of \$33,340 at July 31, 2023 (2022 - \$8,502) were as follows:

| | | July 31 2023 | July 31 2022 |
|---|---------------------|-----------------|-----------------|
| Amounts due to: | Service for: | | |
| Minco | Consulting Fees | \$9,008 | \$3,069 |
| Minco | Expenses | 679 | - |
| 43983 Yukon | Consulting Fees | 15,750 | 5,433 |
| 43983 Yukon | Expenses | 4,442 | - |
| Golden Ridge Resources Ltd. ¹ - common directors | Rent & Expenses | 3,462 | - |
| Total related party payables | | \$33,340 | \$8,502 |

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, 2023 of \$9,500 (2022 - \$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.

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, 2023, 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, 2023.

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.

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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 year ended July 31, 2023.

Outstanding Share Data

Damara's authorized capital is unlimited common shares without par value. As at the date of this report 73,515,389 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

| | Expiry Date | Exercise Price | Number of Options |
|--|--------------------|-----------------------|--------------------------|
| | July 26, 2026 | \$0.08 | 1,900,000 |
| | December 30, 2026 | \$0.08 | 100,000 |
| | January 21, 2027 | \$0.08 | 300,000 |
| | June 9, 2027 | \$0.08 | 200,000 |
| | | | 2,500,000 |

Share Purchase Warrants

| Expiry Date | Exercise Price | Number of Warrants |
|--------------------|-----------------------|---------------------------|
| December 23, 2025 | \$0.25 | 4,000,000 |

Risks and uncertainties

Mineral Exploration

The Company is in the mineral exploration and development business and as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The industry is capital intensive and is subject to fluctuations in market sentiment, metal prices, foreign exchange and interest rates. There is no certainty that properties which the Company has described as assets on its balance sheet will be realized at the amounts recorded. The only sources of future funds for further exploration programs or, if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Although the Company has been successful in accessing the equity market during the past years, there is no assurance that such sources of financing will be available on acceptable terms, if at all.

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

Employees

The Company does not have any employees. All work is carried out through independent consultants and the Company requires that all professional consultants carry their own insurance to cover any potential liabilities as a result of their work on a project. In certain cases where consultants are unable to carry their own insurance the Company includes such individuals under its coverage.

Going Concern

The Company has not generated revenues from its operations to date. During the year ended July 31, 2023, the Company incurred a net loss of \$190,827 (2022 - \$217,328) and, as of that date, had a deficit of \$33,872,126 (2022 - \$33,681,299). The Company currently has a working capital deficiency of \$45,587 as at July 31, 2023 (2022 - \$232,907 working capital) of which the Company has \$Nil of flow through expenditure requirements on or before December 31, 2023 (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 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.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus ("COVID-19") pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

While it cannot be assured, the Company expects reduced forward-impact of COVID-19 as it relates to the mining sector to generally be in line with normalization of its effects within the broader business sector during 2023 and beyond.

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.