For the Year ended July 31, 2016

The following management's discussion and analysis ("MDA") has been prepared as of November 28, 2016 and should be read in conjunction with Damara Gold Corp.'s audited consolidated financial statements for the year ended July 31, 2016. 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 the timing and content of upcoming work programs and 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. *(formerly Solomon Resources Limited*) ("Damara" or the "Company") was incorporated on August 1, 1989 under the *Business Corporations Act* of British Columbia. 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 exploring and developing mineral property interests with a focus in Namibia. The Company's corporate head office is at Suite 110-2300 Carrington Road, West Kelowna, British Columbia V4T 2N6.

Additional information relating to the Company can be found on SEDAR at www.sedar.com and on the Company website at www.damaragoldcorp.ca.

Exploration Activities:

Under the terms of an agreement dated March 21, 2014, between the Company and Helio Resource Corp. ("Helio) (the "Letter Agreement"), Damara was granted the option to acquire up to a 60% interest in Helio's Damara Gold and Tin Project (DGP) in Namibia for consideration of an aggregate issuance of 1,500,000 common shares and aggregate exploration expenditures requirements of $1,500,000 over a three year period. The DGP Property is comprised of two Namibian exploration licenses, namely EPL 3738 (Wilhelmstal) and EPL 3739 (Otjimbojo) (together the "DGP Property") located in Namibia, South Africa.

To date, Damara had contributed approximately $330,000 in cash advances to the Project and issued 500,000 common shares to Helio as part of the earn-in. In accordance with the Agreement, expenditure requirements of $500,000 were due on or before July 17, 2016. On December 2, 2015, Damara commenced a non-brokered financing for up to $500,000 to finance these expenditures however as a result of market conditions in the public resource sector were unable to meet this target (See Corporate for further details).

Accordingly, Helio and Damara reviewed alternative strategies for funding the DGP Property, and on February 11, 2016 the Company entered into an agreement with Helio, whereby the Letter Agreement between Damara and Helio was terminated and Damara's investment to date along with Helio' interests were transferred into Osino Resource Corp., a privately held British Columbia corporation, in return for shares in Osino.

Under the terms of the arms-length agreement between Osino, Damara and Helio, Helio transferred the shares of its wholly owned subsidiary holding the DGP Property to Osino and Damara agreed to terminate its right under the earn-in agreement with Helio for an interest in Osino in exchange for its expenditures to date of approximately $330,000 for which Damara received 12,885,714 Osino Shares (a recorded value of $0.026 per share).

The transaction was completed on May 12, 2016 thereinafter Damara held a 11% interest in the shares of Osino post completion of the transaction and a post seed financing completed by Osino with additional third party private investors. Subsequent to the sale of 3,846,154 Osino common shares, the Company as at July 31, 2016 held a 6.8% interest in the shares of Osino.

Corporate

Non-Brokered Private Placement

On January 18, 2016 the Company, pursuant to non-brokered private placement issued 1,475,000 units in the capital of the Company ("Units") at an issue price of $0.05 per unit, for gross proceeds of $73,750 (the "Offering"). Each Unit consists of one common share in the capital of the Company (a "Common Share") and one Common Share purchase warrant (each a "Warrant"), with each Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of $0.15 until January 18, 2021. The Warrant terms will contain an acceleration provision such that if, commencing on May 19, 2016 the closing price of the Common Shares on the Exchange is higher than $0.25 for 20 consecutive trading days then on the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the Warrants may be accelerated to the date that is 30 days after the Acceleration Trigger Date (the "Accelerated Expiry Date") by the issuance of a news release announcing such Accelerated Expiry Date.

Use of Proceeds

Gross proceeds received from January 18, 2016	$73,750
Less share issuance costs	(5,125)
Net Proceeds to working capital	$68,625

Shares for Debt

On March 2, 2016 the Company settled short term loans and advances and services (the "Debt Settlement") with arm's length parties for an aggregate amount of $224,118 by the issuance of an aggregate of 4,482,351 Units of the Company at a deemed issue price of $0.05 per Unit ("DS Unit"). Each DS Unit consists of one common share and one common share purchase warrant ("DS Warrant"), with each DS Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of $0.15 for 60 months after the date of issuance (the "Closing Date"). The DS Warrant terms will contain an acceleration provision such that if, commencing on July 3, 2016, the closing price of the Common Shares on the Exchange is higher than $0.25 for 20 consecutive trading days then on the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the DS Warrants may be accelerated to the date that is 30 days after the Acceleration Trigger Date (the "Accelerated Expiry Date") by the issuance of a news release announcing such Accelerated Expiry Date.

Additionally, an aggregate of $256,471 of additional debt owed to directors and officers of the Company for loan advances and services will be settled by the issuance of 5,129,419 common shares at a deemed issue price of $0.05 per share.

The debt involved in the Debt Settlement was incurred to provide the Company with working capital over the last 24 months.

Outlook

With the receipt of Osino Shares and the completion of the Debt Settlement, Damara has reduced its previous working capital deficiency substantially and as a result is actively seeking joint venture or acquisition opportunities for quality gold projects while it continues to work to reduce its remaining outstanding debt obligations.

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the years ended July 31, 2016, July 31, 2015 and July 31, 2014. The following annual results are compliant with IFRS.

	Years Ended		
	July 31, 2016	July 31, 2015	July 31, 2014
Total Revenue	Nil	Nil	3,914
Loss before income tax	$(247,056)[1]	$(292,110)	$(225,990)
Total comprehensive loss	$(180,200)[2]	$(292,110)	$10,420[3]
Net income (loss) per share basic and diluted	$(0.02)	$(0.05)	$0.00
Total assets	$374,404	$458,205	$254,900
Current liabilities	$372,163	$916,446	$451,031
Long term liabilities	—	—	—
Shareholders' equity (deficiency)	$2,241	$(458,241)	$(196,131)

1) Includes share based payments of $91,468;
2) Includes write-off of exploration and evaluation assets of $123,497 and gain on settlement of debt of $153,770; and
3) Includes gain on settlement of debt of $168,747 and recover on exploration and evaluation expenditures of $56,249.

Results of Operations

Financial Results for the years ended July 31, 2016 and July 31, 2015

The Company has no operating revenues and relies on external financings to generate capital for its continued operations. As a result of its activities, Colorado continues to incur annual net losses.

For the year ended July 31, 2016, the Company reported a $180,200 net comprehensive loss or $0.02 basic and diluted earnings per share compared to a $292,110 net comprehensive loss or $0.05 loss per share for the same comparative year ended July 31, 2015. The primary component of the current year loss was general and administration costs of $141,899 (July 31, 2015 - $231,698), share-based compensation costs of $91,468 (July 31, 2015 - $Nil) and interest on loans payable of $55,452 (July 31, 2015 - $58,921). Additionally the company recorded $123,497 (July 31, 2015 - $Nil) in the write-off of exploration and evaluation assets with respect to the Namibia Project. The expenditures were offset by the gain on settlement of debt of $153,770 (July 31, 2015 - $Nil). The Company further recorded the unrealized gain on available-for-sale-investments of $78,346 (July 31, 2015 - $Nil) with respect to the Osino Shares.

The summary of variances in expenditures included:

	2016	2015	Variance	
	$	$	$	%
Share-based payments	91,468	-	91,468	100%
Accounting and legal	21,602	16,347	5,255	32%
Consulting	62,602	117,797	(55,195)	-47%
Corporate development	-	15,370	(15,370)	-100%
Website, shareholder communication	4,214	9,218	(5,004)	-54%
Office and administration fees	22,078	16,762	5,316	32%
Regulatory fees	10,189	10,600	(411)	-4%
Shareholder communications	11,543	10,626	918	9%
Transfer agent fees	6,301	11,946	(5,645)	-47%
Travel	3,370	23,032	(19,662)	-85%
	233,367	231,698	1,670	1%

Overall corporate expenditures had a net increase of 1%. Significant variances to note were:

Consulting fees - fees decreased resulting from decrease in the CEO monthly fee of $5,000 to $2,500 subsequent to the settlement of debt in January 2016. As well as no fees were recorded for the COO, during the year ended July 31, 2016.

Corporate development - there were no corporate development transactions incurred during the year ended July 31, 2016.

Transfer agent fees – fees include the Company's annual meeting for 2015.

Travel – expenses decreased as the Company looked to preserve its treasury.

Summary of quarterly results

FY 2016	Q1 $	Q2 $	Q3 $	Q4 $
Revenues	—	—	—	—
Comprehensive income (loss)	(43,555)	(78,864)	123,688	(181,469)
Comprehensive income (loss) per share	(0.01)	(0.01)	0.01	0.01

FY 2015	Q1 $	Q2 $	Q3 $	Q4 $
Revenues	—	—	—	—
Comprehensive income (loss)	(82,484)	(79,336)	(63,345)	(66,945)
Comprehensive income (loss) per share	(0.02)	(0.01)	(0.01)	(0.01)

Third Quarter

The Company recorded a gain on settlement of debt of $135,758 for a net income of $107,743. Furthermore, the Company recorded a gain on fair value of available-for-sale investment of the Osino Shares as described hereinabove of $109,114 offset by the write-off of exploration costs recorded of $123,497 in connection with the Osino transaction for a total comprehensive income of $123,688.

Fourth Quarter

The Company reported a net loss before tax of $159,291 during the fourth quarter of July 31, 2016 and $0.02 loss per share compared to $66,948 and $0.01 loss per share for the comparative fourth quarter ended July 31, 2015. Net Comprehensive loss of $180,200 included a fair value gain on available-for-sale investment of $66,856 (July 31, 2015 - $Nil). The primary component for the loss incurred during the fourth quarter ended July 31, 2016 was the recording of share-based payments of $91,468 for the grant of options and general and administration costs of $67,336. In addition the company recorded a fair value loss of $42,258 on available for sale investment.

Liquidity and capital resources

	July 31 2016	July 31 2015
Financial position:		
Cash and cash equivalents	$ 64,538	$ 22,758
Working capital (deficiency)	$ 2,241	$ (892,146)
Exploration and evaluation assets	-	$ 433,905
Total Assets	$ 374,404	$ 458,205
Shareholders' equity (deficiency)	$ 2,241	$ (458,243)

During the year ended July 31, 2016 the Company completed the Offering and Debt Settlement as described hereinabove. The Company is working to further reduce the remaining debt with its outstanding creditors as well as seeking funding to provide the necessary working capital for a further 12 months for overhead expenditures. Additionally the Company agreed to sell approximately 3.8M Osino Shares for $100,000 to private investors. Funds received were used to repay outstanding loans of $50,000 to unrelated parties further reducing the Company's debt with the balance to working capital.

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.

Transactions with related parties

(a) Key Management Compensation

	July 31 2016	July 31 2015
Key management personnel compensation comprised :		
Consulting fees	$62,587	$113,808
Share-based payments	71,459	-
	$134,046	$113,808

(i) Consulting fees of $45,000 (2015 - $60,000) were paid and/or accrued to 43983 Yukon Inc. ("43983") a company, controlled by Lawrence Nagy, the Company's Chief Executive Officer.
(ii) Consulting fees of $Nil (2015 - $30,000) were paid and/or accrued to Minefill Services Inc. ("Minefill"), a company controlled by David Stone, the Company's President and Chief Operating Officer.

(iii) Consulting fees of $17,587 (2015 - $23,808) were paid and/or accrued to Minco Corporate Management Inc. ("Minco"), a company controlled by Terese Gieselman, the Chief Financial Officer of the Company.

(a) Related Party Liabilities

Amounts due to:	**July 31 2016**	July 31 2015
Minco[1]	**$7,769**	$38,091
Minefill[2]	**-**	90,000
43983 Yukon[3]	**15,936**	90,000
Paul Maarschalk – former CFO	**-**	4,366
Colorado – common officers	**7,137**	-
Total related party payables	**$30,842**	$222,457

1 An amount of $44,853 for consulting fees was settled by the issuance of 897,052 Debt Shares (See Note 9);
2 An amount of $45,000 for consulting fees was settled by the issuance of 900,000 Debt Shares (See Note 9), and a further $45,000 in consulting fees due was forgiven and recorded as an gain in settlement of debt (See Note 17); and
3 An amount of $55,000 for consulting fees was settled by the issuance of 1,100,000 Debt Shares (See Note 9), and a further $65,000 in consulting fees was forgiven and recorded as a gain in settlement of debt.

Related Party Loans

On March 17, 2014, the Company obtained an unsecured loan of $25,000 from a company owned by a director of the Company. The loan bears interest of 15% per annum with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $31,545 by the issuance of 630,890 common shares at a recorded value of $0.05 per share (the "DS Shares").

On April 17, 2014, the Company obtained an unsecured loan of $25,000 from a company owned by a director of the Company. The loan bears interest of 15% per annum with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $31,144 by the issuance of 622,876 DS Shares.

On May 5, 2014, the Company obtained an unsecured loan of $25,000 from a company owned by a director of the Company. The loan bears interest of 15% per annum with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $30,527 by the issuance of 610,547 DS Shares.

On June 6, 2014, the Company obtained an unsecured loan of $15,000 from a director of the Company. The loan bears interest of 15% per annum with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $18,403 by the issuance of 368,054 DS Shares.

As at July 31, 2016, $225,000 (2015 - $Nil) was advanced from Colorado Resources Ltd. ("Colorado"), which has two common directors, Larry Nagy and William Lindqvist, in connection with the Company's Namibia project. The loan is interest-bearing (15% per annum) and $50,322 (2015 - $57,925) of interest expense is currently due and included in trade payables. The parties are working to settle the outstanding debt and interest amount.

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 prospectively by including it in comprehensive income 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 in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

Judgments

Assets' Carrying Values and Impairment Charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company only recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Estimates

Share-based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors, and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Future Accounting Pronouncements

The standards listed below include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company is currently assessing the impact of the standards on the consolidated financial statements.

IFRS 9 *Financial Instruments*

Issued by the IASB July, 2014

Effective for annual periods beginning on or after August 1, 2018

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).
- *Derecognition:*
  The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

Issued by the IASB May, 2014

Effective for annual periods beginning on or after August 1, 2016

Amends IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- Introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IFRS 16 *Leases*

Issued by the IASB January, 2016

Effective for annual periods beginning on or after August 1, 2019

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives*, and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Financial instruments and other instruments

The Company is exposed through its operations to the following financial risks:

- Market Risk

- Credit Risk

- Liquidity Risk

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 consolidated 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 this note.

General Objectives, Policies and Processes

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 of Directors 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 or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of interest rate, commodity price risk and foreign currency risk. The Company is not exposed to significant market risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The financial instrument that is potentially subject to credit risk for the Company consists primarily of cash.

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 ensure that it will always 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. 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 prepares 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 expenditures.

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 does not generally maintain any trade payables beyond a 30-day period to maturity.

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 carrying amounts for cash, trade and other payables and loans payable approximate fair value due to their short-term nature. The Company's available-for-sale investments have been measured using Level 2 inputs.

Capital Management

The Company considers its capital to be comprised of shareholders' equity and loans.

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 years ended July 31, 2016 and 2015.

Outstanding Share Data

Damara's authorized capital is unlimited common shares without par value. As at the date of this report 17,025,256 common shares were issued and outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

Type of Security	Number	Exercise Price	Expiry Date
Stock Options	30,000	$1.00	13-Dec-17
Stock Options	1,600,000	$0.05	21-Jul-27
Share Purchase Warrants	1,475,000	$0.15	18-Jan-21
Share Purchase Warrants	4,482,351	$0.15	02-Mar-21

Risks and uncertainties

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.

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 yet achieved profitable operations. These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company had a net loss of $247,056 for the year ended July 31, 2016 (July 31, 2015 - $292,110) and has accumulated a deficit of $32,507,549 (July 31, 2015 - $32,260,493) since inception. These conditions indicate the existence of material uncertainty, 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. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

No adjustments to the carrying values of the assets and liabilities have been made in these consolidated 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.

Other Requirements

Additional disclosure of the Company's material change reports, news release and other information can be obtained on SEDAR at www.sedar.com.