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NEWS RELEASE

Damara Announces Completion of Fundamental Acquisition and Private Placement

December 7, 2020

TSX-V: DMR

DAMARA GOLD CORP. (TSX-V:DMR) ("**Damara**" or the "**Company**") is pleased to announce that it has completed the previously announced (October 19, 2020 and October 23, 2020) acquisition of an option to acquire a 75% interest in the Princeton Property pursuant to an assignment and assumption agreement (the "**Assignment**") with Canarc Resources Corp. (the "**Fundamental Acquisition**"). The TSX Venture Exchange (the "**Exchange**") has accepted the documentation filed concerning the Fundamental Acquisition and approved the corresponding private placement (the "**Financing**") of units of the Company (the "**Units**"). It is anticipated that Damara's common shares (the "**Common Shares**") will resume trading on or about December 10, 2020.

As previously announced, pursuant to the terms of the Assignment the Company has been granted an option to acquire a 75% interest in the Princeton Property (the "**Project**") located approximately 35km south of Princeton (the "**Option**") by:

- spending \$300,000 in exploration expenses;
- the issuance of 3,594,941 common shares of the Company to Canarc within 5 days of Exchange acceptance; and
- subject to the exercise of the Option on or before December 31, 2021, the issuance of such number of Damara Shares that increases Canarc's aggregate ownership in the capital of Damara to 19.9% (minimum 7,223,206).

A technical report (the "**Report**") prepared in accordance with the requirements of NI 43-101 and entitled "*Technical Report for the Princeton Property, Similkameen Mining Division, Princeton Area, British Columbia, Canada*" authored by Gerald G. Carlson, Ph.D., P. Eng. has been accepted by the Exchange and will be filed under the Company's profile on the SEDAR website at www.sedar.com.

The Report establishes the Princeton Property as a property of merit and recommends an exploratory drill program. The Company's management has identified and is in the process of engaging a contractor to complete the initial phase of drilling on the Project. All required permits to execute the exploration program have been secured by the Company.

Additionally, the Company has completed the Financing and issued an aggregate of 10,000,000 Units at a price of \$0.05 per Unit for aggregate gross proceeds of \$500,000.

Each Unit consists of one common share of the Company (a "**Common Share**") and one-half of one Common Share purchase warrant (each whole warrant a "**Warrant**"). Each Warrant entitles the holder to acquire one additional Common Share at a price of \$0.10 per share until December 7, 2022.

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In connection with the Financing, the Company issued to eligible finders an aggregate of 247,000 finders warrants (the "**Finders Warrants**"). Each Finder Warrant entitles the holder to acquire one Common Share at a price of \$0.10 until December 7, 2022

All securities issued under the Financing will be subject to a hold period of four months and a day under applicable securities laws, which hold period will expire on April 8, 2021.

The Company anticipates that the net proceeds of the Financing will be utilized to complete the Fundamental Acquisition and to fund the required \$300,000 earn-in expenditures and related operating costs in relation to the development of the Project.

The Company completed a portion of the Concurrent Financing pursuant to the exemption as set out in BC Instrument 45-536 *-Exemption from prospectus requirement for Certain Distributions through an Investment Dealer*.

An insider of the Company participated in the Offering for an aggregate amount of approximately \$10,000. Such participation is considered a related party transaction within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). In completing such transaction, Damara relied on the applicable exemptions from the valuation requirement and minority security holder approval requirements available under Sections 5.5(a) and 5.7(a) of MI 61-101, respectively, on the basis that the participation in the Financing by the insider did not exceed 25% of the Company's market capitalization.

About Damara

Damara Gold Corp. is a TSX Venture listed Canadian public company with a Board of Directors seasoned in the mineral exploration industry with extensive and successful international experience with a focus on identifying and acquiring prospective and under-explored gold properties worldwide.

ON BEHALF OF THE BOARD OF DIRECTORS OF DAMARA

"Larry Nagy"

Larry Nagy, Chief Executive Officer

For additional information visit Damara's website at www.damaragoldcorp.com or contact:

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Disclaimer for Forward-Looking Information

This news release contains statements that constitute "forward-looking Information", as such term is used in applicable Canadian securities laws. Such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information includes statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.

Although the Company believes the forward-looking information contained in this news release is reasonable based on information available on the date hereof, by its nature forward-looking information involves assumptions and known and unknown risks, uncertainties and other factors which may cause our actual results, level of activity, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Examples of such assumptions, risks and uncertainties include, without limitation, assumptions, risks and uncertainties associated with general economic conditions; the Covid-19 pandemic; adverse industry events; the receipt of required regulatory approvals and the timing of such approvals; that the Company maintains good relationships with the communities in which it operates or proposes to operate, future legislative and regulatory developments in the mining sector; the Company's ability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favorable terms; mining industry and markets in Canada and generally; the ability of the Company to implement its business strategies; competition; the risk that any of the assumptions prove not to be valid or reliable, which could result in delays, or cessation in planned work, risks associated with the interpretation of data, the geology, grade and continuity of mineral deposits, the possibility that results will not be consistent with the Company's expectations, as well as other assumptions risks and uncertainties applicable to mineral exploration and development activities and to the Company, including as set forth in the Company's public disclosure documents filed on the SEDAR website at www.sedar.com.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESS RELEASE REPRESENTS THE EXPECTATIONS OF DAMARA AS OF THE DATE OF THIS PRESS RELEASE 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.