



**Damara Gold Corp.**

**An Exploration Stage Company**

**Condensed Consolidated Interim Financial Statements (un-audited)**

**January 31, 2018**

**Expressed in Canadian Dollars**

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**DAMARA GOLD CORP.**  
**An Exploration Stage Company**  
Six Months ended January 31, 2018 and 2017  
(Expressed in Canadian Dollars)

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**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) 768-1168

**DAMARA GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

As at January 31, 2018 and July 31, 2017

Expressed in Canadian Dollars

	Note	January 31 2018	July 31 2017
<b>ASSETS</b>			
Current			
Cash and cash equivalents		\$ 493,013	\$ 2,772
Available-for-sale-investments	5	-	451,978
Prepays		88	-
Taxes recoverable		8,847	1,308
Total current assets		501,948	456,058
<b>Total Assets</b>		<b>\$ 501,948</b>	<b>\$ 456,058</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current			
Trade and other payables	6,11	116,893	197,214
Loans payable	7,11	15,000	15,000
Total current liabilities		131,893	212,214
<b>Shareholders' Equity</b>			
Share Capital	8	31,692,281	31,450,030
Contributed surplus		1,419,262	1,419,262
Accumulated other comprehensive income		-	191,815
Deficit		(32,741,488)	(32,817,263)
Total Shareholders' Equity		370,055	243,844
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 501,948</b>	<b>\$ 456,058</b>

Approved on behalf of the Board of Directors by:

/s/ Lawrence Nagy

Lawrence Nagy, Director

/s/ William Yeoman

William Yeoman, Director

See notes to consolidated financial statements.

**DAMARA GOLD CORP.**

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**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (un-audited)**

For the three and six months ended January 31

Expressed in Canadian Dollars

	Note	Three Months Ended January		Six Months Ended January	
		2018	2017	2018	2017
<b>Expenses</b>					
Administrative and general	11	\$ 61,790	\$ 27,681	\$ 112,554	\$ 43,964
Interest on loans payable	7	-	5,650	-	14,158
Property investigation costs		9,422	-	13,655	-
Total expenses		(71,212)	(33,331)	(126,209)	(58,122)
<b>Other income and expenses</b>					
Gain on sale of available-for-sale investments	5	-	-	191,815	-
Gain on settlement of debt	7	-	-	10,169	-
<b>Net (loss) income for the period</b>		<b>(71,212)</b>	<b>(33,331)</b>	<b>75,775</b>	<b>(58,122)</b>
<b>Other comprehensive income to be re-cycled through profit or loss</b>					
Realized fair value gain on available-for-sale investments	5	-	-	191,815	-
Total other comprehensive income		-	-	191,815	-
<b>Total comprehensive (loss) income for the period</b>		<b>\$ (71,212)</b>	<b>\$ (33,331)</b>	<b>\$ 267,590</b>	<b>\$ (58,122)</b>
<b>(Loss) income per share for the period - basic and diluted</b>	13	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ 0.00</b>	<b>\$ (0.00)</b>

See notes to consolidated financial statements.

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

For the six months ended January 31

Expressed in Canadian Dollars

	Note	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance July 31, 2016		17,025,256	31,023,672	1,419,262	66,856	- 32,507,549	\$ 2,241
Net loss for the period		-	-	-	-	(58,122)	(58,122)
Share issue costs		-	(1,572)	-	-	-	(1,572)
Balance January 31, 2017		17,025,256	\$ 31,022,100	\$ 1,419,262	\$ 66,856	\$ (32,565,671)	\$ (57,453)

	Note	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance July 31, 2017		21,312,579	\$ 31,450,030	\$ 1,419,262	\$ 191,815	\$ (32,817,263)	\$ 243,844
Net income for the period		-	-	-	-	75,775	75,775
Available-for-sale-investment	5	-	-	-	(191,815)	-	(191,815)
Shares issued for cash	8	5,000,000	250,000	-	-	-	250,000
Share issue costs		-	(7,749)	-	-	-	(7,749)
Balance January 31, 2018		26,312,579	\$31,692,281	\$ 1,419,262	\$-	\$ (32,741,487)	\$ 370,055

See notes to consolidated financial statements.

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**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (un-audited)**

For the six months ended January 31

Expressed in Canadian Dollars

	Note	2018	2017
<b>OPERATING ACTIVITIES</b>			
Income (loss) for the period		\$ 75,775	\$ (58,122)
Items not affecting cash			
Gain on sale of available-for-sale investments	5	(191,815)	-
Changes in non-cash working capital			
Taxes recoverable		(7,539)	218
Prepaid expenses and advances		(88)	-
Trade and other payables		(80,321)	11,518
<b>Cash used in operating activities</b>		<b>(203,987)</b>	<b>(46,387)</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of available-for-sale investments	5	451,978	-
<b>Total cash provided by investing activities</b>		<b>451,978</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from private placement	8	250,000	-
Share issue costs		(7,749)	(1,572)
<b>Net cash provided by financing activities</b>		<b>242,251</b>	<b>(1,572)</b>
<b>Increase (decrease) in cash during the period</b>		<b>490,242</b>	<b>(47,958)</b>
<b>Cash beginning of period</b>		<b>2,772</b>	<b>64,538</b>
<b>Cash end of period</b>		<b>\$ 493,013</b>	<b>\$ 16,580</b>

Supplemental Disclosure with Respect to Cash Flows (Note 15)

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Notes to Condensed Consolidated Interim Financial Statements (un-audited)

For the Three and Six Months Ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)

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**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. 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 has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage. The Company’s corporate head office is at Suite 206 - 3500 Carrington Road, West Kelowna, British Columbia V4T 3C1.

**2. BASIS OF PREPARATION AND GOING CONCERN**

These condensed interim consolidated financial statements for the three and six month period ended January 31, 2018 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 2017 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s 2017 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from August 1, 2017 and income tax expense which is expected for the full financial year.

The preparation of condensed interim consolidated 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 consolidated financial statements are disclosed in Note 4.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March 29, 2018.

The consolidated financial statements are presented in Canadian dollars (“CDN”), which is the Company’s and its subsidiaries’ functional currency.

**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 income of \$75,775 for the period ended January 31, 2018 (2017 - \$58,122 loss) and has accumulated a deficit of \$32,741,488 (July 31, 2017 - \$32,817,263) since inception. 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. These conditions indicate the existence of material uncertainties, which casts significant doubt about the Company’s ability to continue as a going concern.

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



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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

	% of ownership	Jurisdiction	Principal Activity
Avasca Inc.	100	British Columbia	Dormant
Valhalla Minerals U.S. Inc.	100	Delaware	Dormant

All significant intercompany balances and transactions have been eliminated on consolidation.

**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 financial statements.

*IFRS 9 Financial Instruments*

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:*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Future Accounting Pronouncements (cont'd)**

The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

This standard is applicable to the Company's annual period beginning on August 1, 2018.

*Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)*

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

*Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 Share-based Payment).* The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for the Company's annual period beginning on August 1, 2018.

**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 consolidated financial statements are discussed below.

**Critical Judgments**

*Exploration and Evaluation Expenditures*

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. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

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

The Company has recognized a deferred tax asset as management believes it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

*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.

**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 profit or loss and equity reserves.

*Valuation of available-for-sale investment*

The Company measures the fair value of available-for-sale investments at the end of each reporting period. Fair value is determined through reference to published share quotations in an active market or observable market transactions. Management assess whether there has been any other-than-temporary impairment on its investments, using objective evidence to determine if the marketable securities are impaired.

**5. AVAILABLE-FOR-SALE INVESTMENT**

During the period ended January 31, 2018 the Company, pursuant to receipt of Exchange acceptance closed the sale of 9,039,560 Osino Resource Corp. shares ("Osino Shares") at a price of \$0.05 per share for gross proceeds of \$451,978 to arms-length purchasers.

During the period ended January 31, 2018, the Company recorded realized gain in other comprehensive income of \$191,815 (January 31, 2017 - \$Nil) of which \$191,815 (2017 - \$Nil) was recorded as a realized gain and recycled through net income (loss).

**6. TRADE AND OTHER PAYABLES**

	<b>January 31</b>		<b>July 31</b>
	<b>2018</b>		<b>2017</b>
Trade payables	\$ 19,186	\$	41,887
Due to related parties - Note 11	97,707		155,327
<b>Total</b>	<b>\$ 116,893</b>	<b>\$</b>	<b>197,214</b>

During the year ended July 31, 2017 \$4,366 of trade payables was settled by issuing 87,323 common shares at an estimated fair value of \$0.10 per common share resulting in a loss on debt settlement of \$4,366.

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Notes to Condensed Consolidated Interim Financial Statements (un-audited)

For the Three and Six Months Ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)

**7. LOANS PAYABLE****Related Party Loans**

As at January 31, 2018, \$15,000 (July 31, 2017 - \$225,000) was advanced from Colorado Resources Ltd. ("Colorado"), which has two common directors, Larry Nagy and William Lindqvist, in connection with a former Namibian project the Company had an option. The loan was interest-bearing (15% per annum) and \$64,469 (July 31, 2017 - \$64,469) of accrued interest expense is included in trade payables. Effective December 31, 2016 the remaining loan was non-interest bearing and payable on demand. During the period ended January 31, 2018, interest of \$Nil (2017 - \$14,148) was charged on these loans.

Subsequent to January 31, 2018 the remaining balance of principle and interest of \$79,469 was repaid in full on February 27, 2018.

**Loss on Debt Settlement**

On March 6, 2017, the Company settled short-term advances with Colorado in the amount of \$210,000 by the issuance of an aggregate of 4,200,000 common shares (the "Debt Shares") at an estimated fair value of \$0.10 per common share, resulting in a loss on debt settlement of \$210,000 as follows.

<u>Debtor</u>	<u>Debt Amount</u>	<u>Share Price</u>	<u>No. Shares</u>
Colorado	\$210,000	\$0.05	4,200,000

**8. 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**

During the period ended January 31, 2018 the Company issued the following:

On August 31, 2017 the Company completed a non-brokered private placement (the "Placement") for 5,000,000 units (the "Unit") at a price of \$0.05 per Unit for gross proceeds of \$250,000. Each Unit consists of one common share and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.10 until August 31, 2020.

During the year ended July 31, 2017 the Company issued the following:

On March 6, 2017 the Company issued a total of 4,287,323 common shares to extinguish debt in the aggregate of \$214,366 (the "Debt Settlement"). The Debt Settlement included an amount \$210,000 (4,200,000 common shares) to settled to related party loans (See Note 7). Additionally \$4,366 (87,323 common shares) in trade payables was settled with a third party.

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For the Three and Six Months Ended January 31, 2018 and 2017

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**8. SHARE CAPITAL (cont'd)****(c) Share Purchase Warrants**

The following is a summary of changes in warrants from August 1, 2016 to January 31, 2018:

	Number of Warrants	Exercise Price	Weighted Average Exercise Price
Balance, July 31, 2016 and 2017	5,957,351	\$0.15	\$0.15
Issued	5,000,000	\$0.10	\$0.15
<b>Balance at January 31, 2018</b>	<b>10,957,351</b>		<b>\$0.13</b>

As at January 31, 2018, the share purchase warrants have a weighted average remaining contractual life of 2.84 (July 31, 2017 – 3.56) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Expiry Date	Exercise Price	Number of Warrants
January-18-21	\$0.15	1,475,000
March-02-21	\$0.15	4,482,351
August-31-20	\$0.10	5,000,000
<b>Total</b>		<b>10,957,351</b>

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

The Company has an incentive stock option plan (the "Plan") that allows it to grant share purchase options to its employees, directors, consultants and management company employees. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the Exchange (currently \$0.05). The Plan allows for a maximum of 10% of outstanding shares to be issued under the Plan. The Plan is subject to annual shareholder approval.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or management company employee, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of the death of an optionee, the options terminate at the earlier of twelve months after the date of death and the expiration of the option period. Vesting of options is determined by the Board of Directors at the time the options are granted. Options issued to consultants providing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

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**9. SHARE-BASED PAYMENTS (cont'd)****(a) Option Plan Details (cont')**

Stock option activity from August 1, 2017 to January 31, 2018 was as follows:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Expired	Closing Balance	Vested and Exercisable
13-Dec-12	13-Dec-17	\$1.00	30,000	-	(30,000)	-	-
27-Jul-16	27-Jul-21	\$0.05	1,600,000	-	-	1,600,000	1,600,000
			1,630,000	-	-	1,600,000	1,600,000
Weighted Average Exercise Price			\$0.07	-	-	\$0.05	\$0.05
Weighted Average Life Remaining (years)			3.93	-	-	3.49	3.49

Stock option activity from August 1, 2016 to July 31, 2017 was as follows

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Expired	Closing Balance	Vested and Exercisable
13-Dec-12	13-Dec-17	\$1.00	30,000	-	-	30,000	30,000
27-Jul-16	27-Jul-21	\$0.05	1,600,000	-	-	1,600,000	1,600,000
			1,630,000	-	-	1,630,000	1,630,000
Weighted Average Exercise Price			\$0.07	-	-	\$0.07	\$0.07
Weighted Average Life Remaining (years)			4.9	-	-	3.93	3.93

**(b) Fair Value of Options Granted During the Period**

There were no options granted during the period ended January 31, 2018 and January 31, 2017.

**10. ADMINISTRATIVE AND GENERAL EXPENSES**

	Note	Three Months Ended January 31		Six Months Ended January 31	
		2018	2017	2018	2017
<b>Administrative and General Expenses</b>					
Accounting and legal		\$ 461	\$ 1,233	\$ 8,058	\$ 1,420
Consulting	11	27,763	10,613	59,700	21,150
Website, shareholder communication		3,552	1,000	4,302	1,500
Exchange loss		-	-	831	-
Office and administration fees		17,187	8,165	21,155	8,401
Regulatory fees		6,638	2,673	7,682	2,673
Rent	11	2,957	2,986	6,014	5,872
Transfer agent fees		2,506	492	3,843	1,307
Travel		727	519	969	1,641
		\$ 61,790	\$ 27,681	\$ 112,554	\$ 43,966

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**11. RELATED PARTY TRANSACTIONS****(a) Key Management Compensation**

	January 31 2018	January 31 2017
Key management personnel compensation comprised :		
Consulting fees:	<b>\$59,275</b>	<b>\$21,150</b>

- (i) Consulting fees of \$35,000 (2017 - \$15,000) were paid and/or accrued to 43983 Yukon Inc. ("43983") a company, controlled by Lawrence Nagy, Chief Executive Officer, of the Company.
- (ii) Consulting fees of \$24,275 (2017 - \$6,150) were paid and/or accrued to Minco Corporate Management Inc. ("Minco"), a company controlled by Terese Gieselmann, the Chief Financial Officer of the Company.

**(b) Related Party Liabilities**

Amounts due to:	Service for:	January 31 2018	July 31 2017
Minco	Consulting Fees	<b>\$4,305</b>	\$20,712
Minco	Expenses	-	343
43983	Consulting Fees	-	45,000
43983	Expenses	-	1,287
Golden Ridge Resources Ltd. <sup>1</sup> - common directors	Rent & Expenses	<b>9,096</b>	2,982
Colorado <sup>1,2</sup> - common directors (Note 7)	Interest, Rent & Expenses	<b>84,306</b>	85,003
<b>Total related party payables</b>		<b>\$97,707</b>	<b>\$155,327</b>

1 Rent and Expenses incurred on behalf of Damara for shared office space and administrative personnel expenses. These amounts are non-interest-bearing and due on demand.

2 Subsequent to January 31, 2018 on February 27, 2018 all amounts were repaid in full (See Option).

**Option**

On November 20, 2017, the Company and Colorado entered into a letter agreement (the "Agreement") whereby Damara, subject to certain approvals was granted the option to acquire a 100% interest (subject to certain Back-in Rights the ("Transaction") in Colorado's Kinaskan-Castle project (the "K-C Property") located in the Liard Mining Division within the "Golden Triangle Area" of northwestern British Columbia.

On December 14, 2017 the parties mutually agreed to terminate the Agreement (the "Termination Agreement"). In consideration of the termination Colorado agreed to reduce the amounts due from Damara by \$10,719 for certain cost incurred by Damara in relation to the Transaction. All rights and obligations of the parties set forth in the Letter Agreement have been terminated and will be of no further force or effect pursuant to the Termination Agreement.

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(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements (un-audited)

For the Three and Six Months Ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)

**12. INCOME TAXES**

The Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate losses expire as follows:

Available to	Amount
2026	\$ 405,000
2027	380,000
2029	828,000
2030	492,000
2031	641,000
2032	481,000
2033	616,000
2034	130,000
2035	333,000
2036	213,000
2037	125,000
	<u>\$ 4,644,000</u>

The Company's tax position is calculated annually and readers are referred to the audited consolidated financial statements for the year ended July 31, 2017 for further details.

**13. LOSS PER SHARE**

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

	January 31 2018	January 31 2017
Net income (loss) attributable to ordinary shareholders	<u>\$75,775</u>	<u>(\$58,122)</u>
Weighted average number of common shares	<u>25,470,188</u>	<u>17,025,256</u>
Basic and diluted income (loss) per share	<u>\$0.00</u>	<u>(\$0.00)</u>

**14. COMMITMENTS**

The Company has no commitments as at January 31, 2018 and July 31, 2017.

**15. 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 periods ended January 31, 2018 and January 31, 2017 the following transactions were excluded from the consolidated statements of cash flows:

1. The Company settled trade payables with an arm's length vendor in the amount of \$17,859 (2017 - \$Nil) for payment of \$7,690, recording a \$10,169 gain on the settlement.

During the period ended January 31, 2017 there were no non-cash transactions recorded.