DAMON CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED MAY 31, 2014

OVERVIEW

The following management discussion and analysis ("MDA"), prepared on July 17, 2014, should be read in conjunction with the audited financial statements for the year ended August 31, 2013 and the condensed interim unaudited financial statements for the nine months ended May 31, 2014. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of Damon Capital Corp.

The head office, the principal address, and the registered and records office of the Company are located at 303-595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

Information contained in this MDA that is not historical fact may be considered "forward looking statements." These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information, changes in demand for commodity prices, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward looking information.

Additional information related to the Company is available for view on SEDAR at www.sedar.com or by requesting further information from the Company's head office in Vancouver.

DESCRIPTION OF BUSINESS

Damon Capital Corp. was incorporated under the Business Corporations Act (British Columbia) on May 12, 2011 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On October 31, 2011 the Company received acceptance of their prospectus filed with the British Columbia Securities Commission. The Company completed its initial public offering ("IPO") and on November 9, 2011 issued 4,487,300 common shares at $0.10 per share, for gross proceeds of $448,730.

The Company's operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, participation in or interest in properties, assets or businesses, which would be a Qualifying Transaction ("QT"). Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. The Company plans to complete a QT and raise capital through the issuance of common shares.

Proposed qualifying transaction

On October 16, 2013 the Company entered into a letter agreement with Arctic Star Exploration Corp., pursuant to which, the Company was granted the option to acquire a 75% joint venture interest in the CAP Mineral Property located in British Columbia. The transaction would have qualified as the Company's Qualifying Transaction under the policies of the TSX-V. In accordance with the Agreement, to exercise the option to acquire the interest in the Property, the Company was required to (i) pay Arctic Star $25,000 (paid) and (ii) incur exploration expenditures on the Property totalling $1,450,000 over 36 months.

Concurrently with the QT, the Company proposed completing a private placement consisting of up to 6,000,000 common shares of the Company at a price of $0.05 per share for gross proceeds of up to $300,000.

On March 24, 2014, the Company announced that it did not complete its QT. The Company had incurred $75,639 in property investigation costs relating to the transaction. These costs were comprised of legal, due diligence, and accounting fees of $40,639, securities administration and regulatory fees of $10,000, and $25,000 for mineral claims. These costs have been charged to operations as the QT was not completed.

As the Company did not complete its QT by the time limits prescribed by the TSX-V for capital pool companies, it was no longer allowed to be listed on the TSX-V and transferred to the NEX Board on March 24, 2014. On the transfer to the NEX, the Company was required to cancel 1,000,000 common shares issued to four non-arm's length parties, resulting in a total of 5,987,300 shares issued and outstanding at the current date.

The Company will remain on the NEX Board until it has identified and completed a new QT.

RESULTS OF OPERATIONS

For the nine months ended May 31, 2014 the Company recorded a net loss of $126,818 (2013 – $70,053). At May 31, 2014, the Company had no continuing source of operating revenues and related expenditures. The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business activities.

SELECTED ANNUAL INFORMATION

	Year ended Aug 31, 2013 - $ -	Year ended Aug 31, 2012 - $ -	May 12, 2011 to Aug 31, 2011 - $ -
Net loss	(84,351)	(56,857)	(42,839)
Loss per share	(0.02)	(0.02)	(0.02)
Total assets	318,441	390,248	109,920
Total liabilities	24,247	23,635	39,893
Total equity	294,194	366,613	70,027

YEAR ENDING AUGUST 31, 2013

For the year ended August 31, 2013, significant costs include an increase in office and miscellaneous fees to $35,671 (2012 - $7,868) for rent and office services due to an increase in usage of these services. Fees paid to transfer agent for filings increased to $18,494 (2012 - $12,611) as the prior year included monthly fees from November to August, and a decrease in non-cash costs relating to vesting of options to $11,932 (2012 - $16,960) for share-based payments.

YEAR ENDING AUGUST 31, 2012

For the year ended August 31, 2012 the Company had no revenues and had a loss of $56,857 (2011 - $42,839). Professional fees decreased to $18,795 (2011 - $42,839) in the year due to the reduction of accounting and legal expertise required. In fiscal 2012, the company completed its IPO, which affected transfer agent and filling fees (increasing to $12,611 from nil in 2011) and stock based compensation (increasing to $16,960 from nil in 2011). Office and miscellaneous increased to $7,868 (2011 - $Nil) as a result of the provision of office and administration services once the IPO was concluded.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements for the eight quarters ending May 31, 2014:

	Three months ended			
	May 31, 2014 -$-	*February 28, 2014 -$-*	*November 30, 2013 -$-*	*August 31, 2013 -$-*
Total assets	227,406	240,998	297,697	318,441
Working capital	171,264	183,626	247,010	294,194
Shareholders' equity	171,264	183,626	272,010	294,194
Net loss for the period	(13,289)	(89,292)	(24,236)	(14,298)
Loss per share	(0.00)	(0.02)	(0.01)	(0.00)

	May 31, 2013 -$-	February 28, 2013 -$-	November 30, 2012 -$-	August 31, 2012 -$-
Total assets	328,028	344,328	360,684	390,248
Working capital	306,056	323,932	340,768	366,613
Shareholders' equity	306,056	323,932	340,768	366,613
Net loss for the period	(20,312)	(18,504)	(31,237)	(32,944)
Loss per share	(0.00)	(0.00)	(0.01)	(0.01)

NINE MONTHS ENDING MAY 31, 2014

For the nine months ended May 31, 2014, net loss increased to $126,818 (2013 - $70,053). This increase is primarily attributed to property investigation costs in connection to the Company's proposed QT of $75,639 (2013 - $nil). Professional fees decreased to $6,901 (2013 - $16,307) as the prior year had higher general consulting and legal fees. Non-cash costs for share-based payments in the current period decreased to $3,888 (2013 - $9,496) due to the timing of vesting of stock options.

THREE MONTHS ENDING MAY 31, 2014

Net loss in the current period decreased to $13,289 (2013 - $20,312) in comparison to costs for the three months ended May 31, 2013. This decrease is attributed to the property investigation costs in connection to the Company's proposed QT of $2,617 (2013 - $nil). There was a net recovery of transfer agent and filing fees of $542 compared to fees of $7,530 in 2013 as a result of a credit received in the current period for annual TSX fees refunded. There was a decrease in non-cash costs for share-based payments in the current period of $928 (2013 - $2,436) due to the timing of vesting of stock options.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company may continue to seek capital through various means including the issuance of equity and/or debt to finance a QT.

Net cash used in operating activities for the period ended May 31, 2014 was $95,626 (2013 – $59,134) including cash expenditures for payments of property investigation costs, professional fees, transfer agent and filing fees, and general administrative costs.

Management believes the Company has sufficient funds to meet anticipated administrative expenses and necessary investigation costs over the next twelve months associated with reviewing and completing due diligence for business opportunities.

The Company has working capital at May 31, 2014 of $171,264.

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

In November 2011, the Company granted 448,730 incentive stock options to its directors. These options vest equally over 3 years at an exercise price of $0.10 per share and expire November 9, 2021. Based on a Black-Sholes calculation with a risk free rate of 1.19%, an estimated life of 4 years, volatility of 126%, and a dividends rate of 0%, the Company determined a fair value of $0.08 per share and recorded a share-based expense of $16,960. In the period ended May 31, 2014, the Company recorded a further $3,888 related to vesting of these options.

On March 24, 2014, the company announced that it did not complete its Qualifying Transaction, and cancelled its escrow shares issued to four non-arm's length parties in the aggregate amount of 1,000,000 common shares, resulting in 5,987,300 shares issued and outstanding.

Agent's Warrants

Upon the closing of the initial public offering in November 2011, the Company granted the agent warrants to acquire up to 448,730 common shares at $0.10 per share, exercisable for a period of 24 months from the date the Company's shares were listed on the TSX Venture Exchange. The Company recorded a fair value of $22,436 to reserves for the warrants.

On November 9, 2013, the subject warrants expired unexercised.

RELATED PARTY TRANSACTIONS

During the period ended May 31, 2014, the Company paid or accrued $22,500 (2013 – $25,750) for rent, office and other administration costs to a company controlled by a director of the Company and recorded a non-cash share-based payment expense of $3,888 (2013 - $9,496) for vesting of options for the four directors

FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Interest rate risk

The Company is not currently exposed to significant interest rate risk.

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

ADDITIONAL INFORMATION

Off-Balance Sheet Arrangements

As at the current date, the Company had no off balance sheet arrangements.

Legal proceedings

As at the current date, management was not aware of any legal proceedings involving the Company.

Outstanding Share Data

As at May 31, 2014 and the current date, the Company has 5,987,300 common shares outstanding.

Contingent liabilities

As at the current date, management was not aware of any outstanding contingent liabilities relating to the Company's activities.

Any forward-looking information in this MDA is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. The Company has recently reactivated and acquired a business, which will require additional financial resources. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the current period. The Company is not subject to externally imposed capital requirements.

ACCOUNTING POLICIES

New accounting standards

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC").

The adoption of the new and revised accounting standards and interpretations on September 1, 2013 did not have any significant impact on the Company's financial statements for the current or prior periods presented. See Note 2 of the financial statements for further details.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

As at the date of this MDA, the directors of the Company are Joseph Charland, Joe DeVries, Patrick Power, and Yenyou Zheng.