This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Initial Public Offering October 28, 2011

DAMON CAPITAL CORP.

(A Capital Pool Company)

Minimum Offering: $300,000 or 3,000,000 Common Shares
Maximum Offering: $500,000 or 5,000,000 Common Shares

Price: $0.10 per Common Share

The purpose of this offering is to provide Damon Capital Corp. (the "Corporation") with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction (as hereinafter defined). Any proposed Qualifying Transaction (as hereinafter defined) must be approved by the TSX Venture Exchange Inc. (the "Exchange") and, in the case of a Non Arm's Length Qualifying Transaction must also receive Majority of the Minority Approval (each as hereinafter defined) in accordance with Exchange Policy 2.4 – *Capital Pool Companies* (the "CPC Policy"). The Corporation is a capital pool company pursuant to the CPC Policy. It has not commenced commercial operations and has no assets other than a minimum amount of cash and prepaid expenses. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction (as hereinafter defined), the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. See "Business of the Corporation" and "Use of Proceeds". This prospectus qualifies for distribution a minimum (the "Minimum Offering") of 3,000,000 common shares (each a "Common Share") of the Corporation and a maximum (the "Maximum Offering") of 5,000,000 Common Shares at a price of $0.10 per Common Share for gross proceeds of a minimum of $300,000 and a maximum of $500,000 (the "Offering").

This Offering is being conducted on a commercially reasonable best efforts basis by Canaccord Genuity Corp. (the "Agent") in the provinces of British Columbia, Alberta and Ontario and is subject to the receipt by the Corporation of a minimum subscription of 3,000,000 Common Shares for total gross proceeds to the Corporation of $300,000 and subject to approval of certain legal matters by Heenan Blaikie LLP on behalf of the Corporation, and by Miller Thomson LLP on behalf of the Agent. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for the Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement (as hereinafter defined) and will not be released until a minimum of $300,000 has been deposited and the Agent has consented to such release. If subscriptions for 3,000,000 Common Shares have not been received within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the Agent and Persons or Companies (each as hereinafter defined) who subscribed within that period, all subscription proceeds will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See "Plan of Distribution".

Pursuant to the Agency Agreement, the Corporation will also grant non-transferable warrants ("Agent's Warrants") to the Agent to purchase that number of Common Shares that is equal to 10% of the total number of Common Shares sold under this Offering (being 300,000 Common Shares in the case of the Minimum Offering and 500,000 Common Shares in the case of the Maximum Offering) at a price of $0.10 per Common Share, exercisable for a period of 24 months from the date of listing of the Common Shares on the Exchange. This prospectus also qualifies for distribution the Agent's Warrants. In addition, and subject to regulatory approval, the Corporation also proposes to grant to directors of the Corporation stock options to purchase up to 300,000 Common Shares (in the case of the Minimum Offering) or up to 500,000 Common Shares (in the case of the Maximum Offering), all at a price of $0.10 per Common Share, exercisable for a period of ten years from the date of grant in accordance with the policies of the Exchange. See "Options To Purchase Securities."

	Common Shares	**Price to the Public**	**Agent's Commission**(1)	**Proceeds to the Corporation**(2)
Per Common Share	1	$0.10	$0.01	$0.09
Minimum Offering	3,000,000	$300,000	$30,000	$270,000
Maximum Offering	5,000,000	$500,000	$50,000	$450,000

Notes:

(1) The Agent will receive a commission (the "Agent's Commission") equal to 10% of the gross proceeds of the Offering, See "Plan of Distribution". Pursuant to the Agency Agreement, the Corporation will also grant to the Agent non-transferable Agent's Warrants, to purchase such number of Common Shares that is equal to 10% of the aggregate number of Common Shares sold pursuant to the Offering (being 300,000 Common Shares in the case of the Minimum Offering and 500,000 Common Shares in the case of the Maximum Offering), at a price of $0.10 per Common Share, for a period of 24 months from the date of listing the Common Shares on the Exchange, which Agent's Warrants are qualified for distribution under this prospectus. The Agent will also receive a corporate finance fee of $10,000. See "Plan of Distribution".

(2) Before deducting costs of the Offering estimated at $75,000 (exclusive of the Agent's Commission), including corporate finance fees of $10,000 and legal fees of the Agent's counsel which are estimated at $15,000 plus disbursements and applicable taxes, legal and auditor's fees of the Corporation estimated at $30,000 plus disbursements and H.S.T., Exchange listing fees of approximately $15,000 plus H.S.T. and filing fees of approximately $9,000.

(3) Unless an amendment to the final prospectus is filed and the "principal regulator" under National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* has issued a receipt for the amendment, the latest date that the distribution is to remain open is 90 days after the issuance of a receipt for the final prospectus. See "Plan of Distribution".

Market for Securities

As at the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the markets operated by Plus Markets Group plc.

The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Warrants and the grant of options to the directors of the Corporation, trading in all securities of the Corporation is prohibited during the period between the date a receipt for this prospectus is issued by the British Columbia Securities Commission and the time the Common Shares are listed for trading on the Exchange except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable regulatory authority grant a discretionary order.

Risk Factors

There is currently no market through which these securities may be sold and purchasers may not be able to resell the securities purchased hereunder. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation.

Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors".

The Corporation has not commenced commercial operations and has no assets other than cash and prepaid expenses. It has no history of earnings and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. Until the Completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. The

Corporation has not entered into an Agreement in Principle as defined in the CPC Policy. See “Corporate Structure”, “Business of the Corporation” and “Use of Proceeds”.

The directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and they are and will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See “Directors, Officers and Promoters”.

The directors and officers of the Corporation currently own 80% of the issued and outstanding Common Shares and will own approximately 36% of the issued and outstanding Common Shares assuming completion of the Minimum Offering of 3,000,000 Common Shares and approximately 27% assuming completion of the Maximum Offering of 5,000,000 Common Shares.

Investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of approximately 22.7% or $0.023 per Common Share assuming completion of the Minimum Offering of 3,000,000 Common Shares and approximately 16.7% or $0.017 per Common Share assuming completion of the Maximum Offering of 5,000,000 Common Shares, before the deduction of selling commissions and related expenses incurred by the Corporation. See “Dilution”.

The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Corporation and this may result in further dilution to investors. See “Use of Proceeds”.

The Exchange will generally suspend trading in the Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin (as hereinafter defined) in respect of the Qualifying Transaction within 24 months from the date of listing. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of any proposed Qualifying Transaction.

In the event that the management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

As a result of these factors and the other factors described in this prospectus, the Offering is suitable only to investors who are willing to rely solely on the management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares. See “Business of the Corporation”, “Directors, Officers and Promoters”, “Management of the Corporation”, “Use of Proceeds” and “Risk Factors”.

Maximum Investment

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% of the total Common Shares offered under this prospectus (being 60,000 Common Shares in the case of the Minimum Offering and 100,000 Common Shares in the case of the Maximum Offering). In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total Common Shares offered under this prospectus (being 120,000 Common Shares in the case of the Minimum Offering and 200,000 Common Shares in the case of the Maximum Offering).

Receipt of Subscriptions

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Commons

Shares in definitive form will be available for delivery at the Closing unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("CDS") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

Canaccord Genuity Corp.
Suite 2200 – 609 Granville Street
Vancouver, British Columbia, V7Y 1H2

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GLOSSARY

"**Affiliate**" means a Company that is affiliated with another Company as described below.

A Company is an "Affiliate" of another Company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

(a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person, or

(b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

"Agency Agreement" means the agency agreement dated as of October 28, 2011 between the Corporation and the Agent.

"**Aggregate Pro Group**" means all Persons who are members of any Pro Group whether or not the Member of the Pro Group is involved in a contractual relationship with the Corporation to provide financing sponsorship and other advisory services.

"**Agreement in Principle**" means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

(a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;

(b) identifies the parties to the Qualifying Transaction;

(c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and

(d) identifies the conditions to any further formal agreements to complete the transaction, and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non Arm's Length Parties to the CPC or the Non Arm's Length Parties to the Qualifying Transaction.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer;

(b) any partner of the Person,

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity,

(d) in the case of a Person, who is an individual

(i) that Person's spouse or child, or

(ii) any relative of that Person or of his spouse who has the same residence as that Person;

but

(e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

"**CPC**" means a company:

(a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and

(b) in regard to which the Final Exchange Bulletin has not yet been issued.

"**Common Shares**" means common shares in the capital of the Corporation.

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange.

"**Control Person**" means any Person or Company that holds or is one of a combination of Persons or Companies that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

"**Corporation**" means Damon Capital Corp.

"**Escrow Agreement**" means the escrow agreement dated October 28, 2011 among the Corporation, the Transfer Agent and certain shareholders of the Company.

"**Exchange**" means the TSX Venture Exchange Inc.

"**Exchange Requirements**" means and includes the articles, by-laws, policies, circulars, rules, guidelines, orders, notices, rulings, forms, decisions and regulations of the Exchange as from time to time enacted, any instructions, decisions and directions of the Exchange (including those of any committee of the Exchange as appointed from time to time), and all applicable provisions of the securities laws of any other jurisdiction.

“**Final Exchange Bulletin**” means the Exchange bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation that evidences the final Exchange acceptance of the Qualifying Transaction.

“**initial public offering**” or “**IPO**” means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first Prospectus.

“**Insider**” if used in relation to an Issuer, means:

(a) a director or senior officer of the Issuer;

(b) a director or senior officer of the Company that is an Insider or subsidiary of the Issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or

(d) the Issuer itself if it holds any of its own securities.

“**Issuer**” means a company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant company seeking a listing of its securities on the Exchange.

“**Majority of the Minority Approval**” means the approval of a Non Arm’s Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

(a) Non Arm’s Length Parties to the CPC;

(b) Non Arm’s Length Parties to the Qualifying Transaction; and

(c) in the case of a Related Party Transaction:

(i) if the CPC holds its own shares, the CPC, and

(ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction

at a properly constituted meeting of the common shareholders of the CPC.

“**Member**” means a Person who has executed the Members’ Agreement, as amended from time to time, with the Exchange and is accepted as and becomes a member of the Exchange.

“Members Agreement” means the members’ agreement among the Exchange and each person who, from time to time, is acceptable and becomes a member of the Exchange under Exchange Requirements.

“**NEX**” means the market on which former Exchange and Toronto Stock Exchange Issuers that do not meet Exchange tier maintenance requirements for Tier 2 Issuers may continue to trade.

“**Non Arm’s Length Party**” means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

“**Non Arm’s Length Parties to the Qualifying Transaction**” means the Vendor, any Target Company and includes, in relation to Significant Assets or any Target Company, the Non Arm’s Length Parties of the Vendor, the

Non Arm's Length Parties of any Target Company and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

"**Non Arm's Length Qualifying Transaction**" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are the subject of the proposed Qualifying Transaction.

"**Offering Price**" means $0.10 per Common Share.

"**Person**" means a Company or individual.

"**Principal**" means

(a) a Person who acted as a Promoter of the Issuer within two years before the IPO Prospectus or Final Exchange Bulletin confirming final acceptance of a transaction;

(b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO Prospectus or Final Exchange Bulletin;

(c) a 20% holder – a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions;

(d) a 10% holder – a Person that

(i) holds securities carrying more than 10% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and

(ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder's securities and the total securities outstanding.

A Company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the Issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the Issuer they hold will be subject to escrow requirements.

"**Pro Group**" means

(a) Subject to subparagraphs (b), (c), (d) and (e) "Pro Group" shall include, either individually or as a group:

(i) the Member;

(ii) employees of the Member;

(iii) partners, officers and directors of the Member;

(iv) Affiliates of the Member; and

(v) Associates of any parties referred to in subparagraphs (i) through (iv).

(b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;

(c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length of the Member;

(d) The Member may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Member determines that:

(i) the Person is an Affiliate or Associate of the Member acting at arm's length of the Member;

(ii) the Associate or Affiliate has a separate corporate and reporting structure;

(iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and

(iv) the Member maintains a list of such excluded Persons.

"Promoter" has the meaning ascribed to it in the *Securities Act* (Ontario).

"**Prospectus**" means a disclosure document required to be prepared in connection with a public offering of securities and which complies with the form and content requirements of a prospectus as described in applicable securities laws.

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

"**Resulting Issuer**" means the Issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

"**Seed Shares**" means securities issued before the Corporation's IPO, or by a private Target Company before a reverse take-over, change of business or Qualifying Transaction, regardless of whether the securities are subject to resale restrictions or are free trading.

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

"**Sponsor**" has the meaning specified in Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

"**Target Company**" means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

"**Transfer Agent**" means Olympia Trust Company.

"**Vendors**" means one or all of the beneficial owners of the Significant Assets (other than a Target Company).

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

Corporation: Damon Capital Corp.

Business of the Corporation: The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash and prepaid expenses. See "Business of the Corporation".

Offering: A minimum of 3,000,000 Common Shares and a maximum of 5,000,000 Common Shares are being offered under this prospectus at a price of $0.10 per Common Share in the province of British Columbia. In addition, the Corporation will grant Agent's Warrants to the Agent to purchase that number of Common Shares that is equal to 10% of the total number of Common Shares sold under this Offering (being 300,000 Common Shares in the case of a Minimum Offering and 500,000 Common Shares in the case of a Maximum Offering) at a price of $0.10 per Common Share, exercisable for a period of 24 months from the date of listing of the Common Shares on the Exchange, which Agent's Warrants are qualified for distribution under this prospectus. Subject to regulatory approval, the Corporation also proposes to grant stock options to purchase up to 300,000 Common Shares (in the case of the Minimum Offering) or up to 500,000 Common Shares (in the case of the Maximum Offering), all at a price of $0.10 per Common Share, exercisable for a period of ten years from the date of grant to directors of the Corporation in accordance with the policies of the Exchange. See "Plan of Distribution" and "Options To Purchase Securities."

Use Of Proceeds: Assuming the completion of this Offering, the net proceeds to the Corporation from the sale of Common Shares distributed under this prospectus and prior sale of Common Shares, after the payment of all costs in respect of the Offering excluding the Agent's Commission, are estimated to be $350,000 in the case of the Minimum Offering and $550,000 in the case of the Maximum Offering. Upon completion of the Offering, the Corporation shall grant the Agent a right of first refusal for all financings the Corporation proposes to undertake within a period of 24 months from Closing. Should the Agent waive its right of first refusal, the right shall be terminated for that specific transaction only. The net proceeds of the Offering together with the proceeds from prior sales of Common Shares will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. The CPC Policy provides that until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of (i) 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities, and (ii) $210,000, may be used for purposes other than evaluating businesses or assets. See "Use of Proceeds", "Business of the Corporation", and "Risk Factors".

Directors and Officers: The directors of the Corporation are Joseph Andre Charland, Jeff Yenyou Zheng, Patrick Edward Power and Joe Edward Robin DeVries. The officers of the Corporation are Joseph Andre Charland, Chief Executive Officer, President and Secretary and Jeff Yenyou Zheng, Chief Financial Officer. See "Management of the Corporation" and "Directors, Officers and Promoters".

Escrowed Securities: All of the currently issued Common Shares, being 2,500,000 Common Shares, will be deposited in escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See "Escrowed Securities".

Right of First Refusal: Pursuant to the Agency Agreement, the Corporation will notify the Agent of the terms of any further brokered equity financing (or securities convertible into equity) that it requires or proposes to obtain during the term of the Agency Agreement until the day which is the later of (i) 24 months following the date the Corporation's shares commence trading on the Exchange, and (ii) the date of the closing of the Qualifying Transaction.

The Agent will also have a right of first refusal (ROFR) to provide sponsorship services (if required) for any Qualifying Transaction during the ROFR period.

The Agent must exercise the ROFR within the 10 day period after the Corporation notifies the Agent of the equity financing or within the 10 day period following receipt of the Qualifying Transaction notice. If the Agent fails to give the applicable notice, the Issuer will then be free to make other arrangements to obtain financing or sponsorship from another source on the same terms or on terms no less favourable to the Corporation

Risk Factors: **There is no established market for the Common Shares. Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development.**

The Corporation was recently incorporated and has no active business or assets other than cash and prepaid expenses, and has not identified a potential company, asset or business with a view to completing a Qualifying Transaction. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction.

The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment.

The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there may be potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation.

Assuming completion of the Offering, investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of approximately 22.7% or $0.023 per Common Share in the case of the Minimum Offering and approximately 16.7% or $0.017 per Common Share in the case of the Maximum Offering, before the deduction of selling commissions and related expenses incurred by the Corporation. There can be no assurance that an active and liquid market for the Common Shares will develop and investors may find it difficult to resell the Common Shares.

Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may, therefore, be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such Persons or Companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See “Corporate Structure”, “Business of the Corporation”, “Directors, Officers and Promoters”, “Management of the Corporation”, “Use of Proceeds”, and “Risk Factors”.

CORPORATE STRUCTURE

Damon Capital Corp. was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on May 12, 2011 under the name "Damon Capital Corp.".

The head office and the registered office of the Corporation are located at 1055 West Hastings Street, Suite 2200, Vancouver, British Columbia, V6E 2E9.

BUSINESS OF THE CORPORATION

Preliminary Expenses

As at the date hereof, the Corporation has incurred or accrued preliminary expenses with respect to the incorporation and organization of the Corporation, corporate finance, legal and auditing fees and expenses, and the retainer for fees and expenses of the Agent in the aggregate amount of approximately $43,000.

A portion of the proceeds of the Offering will be used to satisfy the obligations of the Corporation related to the Offering, including the expenses of its legal counsel and auditor. See "Use of Proceeds".

Proposed Operations until Completion of a Qualifying Transaction

The Corporation is a CPC created pursuant to the CPC Policy. The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm's Length Qualifying Transaction will also be subject to Majority of the Minority Approval in accordance with the CPC Policy. To date, the Corporation has not conducted commercial operations other than to begin the process of identifying potential acquisitions with a view to completing a Qualifying Transaction. The Corporation currently intends to pursue a Qualifying Transaction in the mineral and natural resources sector but there is no assurance that this will, in fact, be the business sector of the proposed Qualifying Transaction of the Corporation following the Completion of the Qualifying Transaction.

Until Completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under "Restrictions on Use of Proceeds" and "Private Placements for Cash", the funds raised pursuant to the Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Corporation has not yet entered into an Agreement in Principle.

Method of Financing Participation or Acquisitions

The Corporation may use cash, secured or unsecured debt, issuance of treasury shares, public financing of debt or equity, or a combination of these, for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.**

Criteria for Qualifying Transaction

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors must act honestly and in good faith with a view to the best interests of the Corporation and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The acquisition of, or participation in, companies, assets or businesses may arise in numerous ways. The Corporation has not established pre-determined criteria for such participations or acquisitions other than sound business fundamentals. Such fundamentals include, but are not limited to: (i) the ratio of risk to reward; (ii) the potential for growth; (iii) the length of the payout period; and (iv) the rate of return.

REGULATORY AND SHAREHOLDER APPROVAL

Filings and Shareholder Approval of a Non Arm's Length Qualifying Transaction

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange Requirements. An information circular must be submitted where there is a Non Arm's Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Exchange Form 3B1/Form 3B2. Upon acceptance by the Exchange, the Corporation must then either:

(a) file the filing statement on SEDAR at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the filing statement is available on SEDAR; or

(b) mail the information circular and related proxy material to its shareholders in order to obtain Majority of the Minority Approval of the Qualifying Transaction or other requisite approval at a meeting of shareholders.

Unless waived by the Exchange, the Corporation will also be required to retain a Sponsor, who must be a Member of the Exchange, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the policies of the Exchange. The Corporation will no longer be considered to be a CPC upon the Exchange having issued the Final Exchange Bulletin. The Exchange will generally not issue the Final Exchange Bulletin until the Exchange has received:

(a) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of the Minority Approval of the Qualifying Transaction;

(b) confirmation of closing of the Qualifying Transaction; and

(c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Corporation from completing a reverse take-over for a period of one year from the Completion of the Qualifying Transaction.

Initial Listing Requirements

The Resulting Issuer must satisfy the Exchange's initial listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of the Exchange.

Trading Halts, Suspension and Delisting

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of an Agreement in Principle until all initial filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms for all individuals who may be directors, senior officers, promoters, or Insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable must also be completed before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

(a) the unacceptable nature of the business of the Resulting Issuer, or

(b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, the Completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Corporation fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Agreement in Principle or if the CPC fails to file post-meeting or final documents, as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the CPC within 24 months of the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind-up and shall make a *pro rata* distribution of its remaining assets to its shareholders, unless the shareholders, pursuant to a majority vote exclusive of the votes of Non Arm's Length Parties to the Corporation, determine to deal with the remaining assets in some other manner. See "Shareholder Approval of a Non Arm's Length Qualifying Transaction" and "Refusal of Qualifying Transaction".

If the Corporation has not completed a Qualifying Transaction within the time frame prescribed by the CPC Policy, it may apply for listing on NEX (the market on which former Exchange and Toronto Stock Exchange issuers that do not meet the continued listing requirements for Tier 2 issuers may continue to trade) rather than be delisted. In order to be eligible to list on NEX the Corporation must:

(a) obtain majority shareholder approval for the transfer to NEX exclusive of the votes of Non Arm's Length Parties of the Corporation; and

(b) either:

  (i) cancel all Seed Shares purchased by Non Arm's Length Parties to the Corporation at a discount to the IPO price, in accordance with section 11.2(a) of the CPC Policy, as if the Corporation had delisted from the Exchange,

  (ii) subject to majority shareholder approval, cancel an amount of the Seed Shares purchased by Non Arm's Length Parties to the Corporation so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

If the Corporation lists on NEX, it must continue to comply with all the requirements and restrictions of the CPC Policy.

Refusal of Qualifying Transaction

The Exchange, in its sole discretion, may not accept a Qualifying Transaction where:

(a) the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange;

(b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by

(i) Member firms of the Exchange,

(ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firms, and

(iii) Associates of any such person,

collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;

(c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;

(d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or

(e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

USE OF PROCEEDS

Proceeds and Principal Purposes

The gross proceeds received by the Corporation from the issuance of Common Shares prior to the date of this prospectus were $125,000, for which no costs were allocated towards such issuance. The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this prospectus will be $300,000 in the case of the Minimum Offering, and $500,000 in the case of the Maximum Offering, for which associated expenses and costs are estimated to be $105,000 and $125,000, respectively. The Corporation estimates that a minimum of $320,000 and a maximum of $500,000 will be available to it from the sale of Common Shares distributed under this prospectus and prior sales of Common Shares. Please also see the notes under the following table.

The following indicates the principal uses to which the Corporation proposes to use the total funds available to it upon the completion of the Offering:

	Minimum Offering	**Maximum Offering**
Cash proceeds raised prior to this Offering (1)	$125,000	$125,000
Expenses and costs relating to raising the cash proceeds	Nil**(2)**	Nil**(2)**
Cash proceeds to be raised pursuant to this Offering(3)	$300,000	$500,000
Expenses and costs associated with this Offering (including listing fees, Agent's Commission, corporate finance fee, legal fees, audit fees and expenses(3)	($105,000)	($125,000)
Estimated funds available (on completion of Offering)	**$320,000**	**$500,000**

	Minimum Offering	Maximum Offering
Funds available for identifying and evaluating assets or business prospects (3)(4)(5)	$300,000	$480,000
Estimated general and administrative expenses until Completion of the Qualifying Transaction(5)	$20,000	$20,000
Total Net Proceeds	**$320,000**	**$500,000**

Notes:

(1) See "Prior Sales".
(2) No costs have been allocated towards the issuance of these shares.
(3) In the event the Agent exercises the Agent's Warrants and the directors or officers exercise their options, there will be available to the Corporation an additional $360,000 in the case of the Minimum Offering or $600,000 in the case of the Maximum Offering which will be added to the working capital of the Corporation. There is no assurance that any of these Agent's Warrants or options will be exercised.
(4) See "Business of the Corporation – Preliminary Expenses" and the Corporation's balance sheet as at August 31, 2011.
(5) In the event that the Corporation enters into an Agreement in Principle prior to spending all of its funds identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.

Until required for the Corporation's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from the Offering and any prior sale of Common Shares, after deducting the expenses associated with the Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

Permitted Use of Funds

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "Restrictions on Use of Proceeds", "Private Placements for Cash" and "Prohibited Payments to Non Arm's Length Parties", the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

The proceeds may be used for expenses incurred for the preparation of

(i) valuations or appraisals;

(ii) business plans;

(iii) feasibility studies and technical assessments;

(iv) sponsorship reports;

(v) engineering or geological reports;

(vi) financial statements, including audited financial statements;

(vii) fees for legal and accounting services; and

(viii) Agent's fees, costs and commissions;

relating to the identification and evaluation of assets or businesses and, in the case of a Non Arm's Length Qualifying Transaction, obtaining of shareholder approval for the Corporation's proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of $225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, provided due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of $25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

Restrictions on Use of Proceeds

Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, not more than the lesser of 30% of the gross proceeds realized from the sale of all securities issued by the Corporation, or $210,000 may be used for purposes other as described in "Permitted Use of Funds". For greater certainty, expenditures which are not included under "Permitted Use of Funds" include:

(a) listing and filing fees (including SEDAR fees);

(b) other costs for the issuance of securities, (including legal, accounting and audit expenses) relating to the preparation and filing of this prospectus; and

(c) administrative and general expenses of the Corporation, including:

   (i) office supplies, office rent and related utilities;

   (ii) printing costs (including the printing of this prospectus and share certificates);

   (iii) equipment leases; and

   (iv) fees for legal advice and audit expenses, other than those described above under "Permitted Use of Funds".

No proceeds from the sale of securities of the Corporation may be used to acquire or lease a vehicle until the completion of a Qualifying Transaction.

Private Placements for Cash

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed $5,000,000. The only securities issuable pursuant to such a private placement will be Common Shares. Units and/or share purchase warrants may not be issued pursuant to such a private placement undertaken prior to the Closing of the Qualifying Transaction. Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non Arm's Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

Prohibited Payments to Non Arm's Length Parties

Except as described under "Options to Purchase Securities" and "Restrictions on Use of Proceeds", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, by any means, including:

(a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees, loans, advances and bonuses, and

(b) deposits and similar payments.

Further, no such payment will be made on or after the Completion of the Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may reimburse a Non Arm's Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Corporation or in the case of a law firm, no member of the firm owns greater than 10% of the outstanding Common Shares of the Corporation), and the Corporation may also reimburse a Non Arm's Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in "Permitted Use of Funds".

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

PLAN OF DISTRIBUTION

Name of Agent and Agent's Compensation

Pursuant to the Agency Agreement dated as of October 28, 2011 between the Corporation and the Agent, the Corporation has appointed the Agent as agent to offer for sale to the public on a commercially reasonable best efforts basis a minimum of 3,000,000 Common Shares and a maximum of 5,000,000 Common Shares, as provided in this prospectus, at a price of $0.10 per Common Share, for gross proceeds of a minimum of $300,000 and a maximum of $500,000 respectively, subject to the terms and conditions in the Agency Agreement. The Agent will receive a cash commission of 10% of the gross proceeds from the sale of the Common Shares pursuant to the Offering (being $30,000 if the Minimum Offering is completed, or $50,000 if the Maximum Offering is completed). In addition, the Corporation will pay to the Agent a corporate finance fee of $10,000 and will reimburse the Agent's reasonable expenses incurred pursuant to the Offering, including the legal fees of the Agent's legal counsel estimated at $15,000 plus disbursements and taxes.

The Corporation has also agreed to grant to the Agent the Agent's Warrants to purchase that number of Common Shares that is equal to 10% of the total number of Common Shares sold under this Offering (being 300,000 Common Shares in the case of a Minimum Offering and 500,000 Common Shares in the case of a Maximum Offering) at a price of $0.10 per Common Share, which may be exercised for a period of 24 months from the date that the Common Shares are listed on the Exchange. The Agent's Warrants are qualified for distribution under this prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent's Warrants may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. As at the date hereof, the Agent does not own any Common Shares of the Corporation. Upon completion of the Offering, the Corporation shall grant the Agent a right of first refusal for all financings the Corporation proposes to undertake within a period of 24 months from Closing. The Agent shall be entitled to no less than a 60% syndication position in any such financing. The Corporation hereby agrees to deliver to the Agent written notice of the terms of any such proposed financing, or proposed engagement by another dealer. The Agent shall have 10 days after receiving notice to deliver an engagement agreement, or waive this right. Should the Agent waive its right of first refusal, the right shall be terminated for that specific transaction only.

Other than as described in this prospectus, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or Corporation in connection with the Offering.

The Offering will be made in accordance with the rules and policies of the Exchange and with the consent of the Exchange. The closing of the Offering will take place at such time as the Corporation and the Agent may agree provided that the minimum subscriptions have been received and that the rescission rights of the purchaser of Common Shares which are available pursuant to securities laws have expired. See “Purchaser’s Statutory Rights of Withdrawal and Rescission”.

The Agent has agreed to use its commercially reasonable best efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement, including the non-fulfillment of conditions of closing.

Commercially Reasonable Best Efforts Offering and Minimum Distribution

The total Offering is of 3,000,000 Common Shares for total gross proceeds of $300,000 in the case of the Minimum Offering and of 5,000,000 Common Shares for total gross proceeds of $500,000 in the case of the Maximum Offering. Under the CPC Policy, the maximum number of Common Shares that may be purchased, directly or indirectly, by any single subscriber to the Offering is 2% of the Offering, being 60,000 Common Shares in the case of the Minimum Offering and 100,000 Common Shares in the case of the Maximum Offering. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% of the total Common Shares offered under this prospectus, being 120,000 Common Shares in the case of the Minimum Offering and 200,000 Common Shares in the case of the Maximum Offering.

The funds received from the Offering will be deposited with the Agent, and will not be released until $300,000 has been deposited and the Agent consents to the release thereof. Subscriptions for 3,000,000 Common Shares for total gross proceeds of $300,000 must be raised within 90 days of the issuance of a receipt for the prospectus, or such other time as may be consented to by the Agent and Persons or Companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

Other Securities to be Distributed

The Corporation also proposes to grant stock options to purchase up to 300,000 Common Shares (in the case of the Minimum Offering) or up to 500,000 Common Shares (in the case of the Maximum Offering), all at a price of $0.10 per Common Share, exercisable for a period of ten years from the date of grant to directors of the Corporation in accordance with the policies of the Exchange. See “Options To Purchase Securities.”

Determination of Price

The price of the Common Shares offered pursuant to the Offering was determined by negotiation between the Corporation and the Agent in accordance with the CPC Policy.

Listing Application

The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

Subscriptions by and Restrictions on the Agent

All subscriptions by any member of the Aggregate Pro Group are subject to the applicable client priority rules and the general rule of the CPC Policy that no purchaser can: (i) directly or indirectly purchase more than 2% of the total Common Shares offered under this Offering; and (ii) together with any Associates or Affiliates purchase more than 4% of the total Common Shares offered under this Offering. Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this prospectus will be held in escrow pursuant to the CPC Policy.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the members of the Pro Group is 20% of the issued and outstanding Common Shares of the Corporation exclusive of Common Shares reserved for issuance at a future date. The Exchange will require that any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction will be subject to a four month Exchange hold period and the securities certificate(s) legended accordingly, as prescribed by Exchange Policy 3.2 - *Filing Requirements and Continuous Disclosure*.

The Agent has advised the Corporation that, to the best of its knowledge and belief, neither it, nor any of its directors, officers, employees or contractors or any Associate or Affiliate of the foregoing has subscribed for Common Shares of the Corporation prior to the date hereof.

Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Warrants and the grant of the stock options to directors of the Corporation, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the applicable securities regulatory authorities and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

DESCRIPTION OF SECURITIES DISTRIBUTED

The Corporation is authorized to issue an unlimited number of Common Shares, of which as of the date hereof 2,500,000 Common Shares are issued and outstanding as fully-paid and non-assessable. There are no other shares of any class issued and outstanding. A maximum of 5,000,000 Common Shares are reserved for issuance pursuant to this Offering. In addition, 300,000 Common Shares in the event the Minimum Offering is subscribed, or 500,000 Common Shares in the event the Maximum Offering is subscribed, as the case may be, are reserved for issuance upon the exercise of the Agent's Warrants. Subject to regulatory approval, 300,000 Common Shares in the event the Minimum Offering is subscribed, and 500,000 Common Shares in the event the Maximum Offering is subscribed, as the case may be, are reserved for issuance upon the exercise of options by directors of the Corporation. All of the Common Shares to be outstanding on completion of this Offering will be fully paid and non-assessable. See "Prior Sales", "Options to Purchase Securities" and "Plan of Distribution".

The holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Corporation and are entitled to one vote in respect of each Common Share held at such meetings. Subject to the prior rights of any class of shares from time to time having priority over the Common Shares, the holders of the Common Shares shall have the right to receive such dividends (if any) as the directors in their sole discretion may declare. In the event of liquidation, dissolution or winding-up of the Corporation, the holders of Common Shares are entitled to share rateably the remaining assets of the Corporation.

CAPITALIZATION

The following table sets out the capitalization of the Corporation.

Description of Security	Amount Authorized	Amount outstanding as at June 1, 2011[(1)]	Amount outstanding as of the date hereof	Amount to be outstanding after giving effect to the Offering [(2)(3)]	
				Minimum Offering	Maximum Offering
Common Shares	Unlimited	$125,000 (2,500,000 Common Shares)	$125,000 (2,500,000 Common Shares)	$425,000 (5,500,000 Common Shares)	$625,000 (7,500,000 Common Shares)

Notes:

(1) As at June 1, 2011, the Corporation had not yet commenced commercial operations.
(2) Subject to regulatory approval, the Corporation has reserved a maximum of 500,000 Common Shares for issuance upon exercise of stock options to be granted to directors of the Corporation. All of the options will have an exercise price of $0.10 per Common Share and will expire 10 years following the date of issuance. See “Option to Purchase Securities”. The Corporation has also reserved a maximum of 500,000 Common Shares for issuance upon the exercise of the Agent’s Warrants. The Agent’s Warrants will have an exercise price of $0.10 per Common Share and will expire 24 months after the date of listing of the Common Shares on the Exchange. See “Plan of Distribution”.
(3) This amount represents gross proceeds of this and prior issues of Common Shares of the Corporation, prior to deducting the estimated expenses of the Offering (estimated to be $105,000 in the case of the Minimum Offering and $125,000 in the case of the Maximum Offering). See “Use of Proceeds”.

OPTIONS TO PURCHASE SECURITIES

Subject to regulatory approval, options to purchase up to 300,000 Common Shares in the event the Minimum Offering is subscribed and up to 500,000 Common Shares if the Maximum Offering is subscribed, are to be granted after the closing of this Offering to directors of the Corporation pursuant to the Corporation’s employee stock option plan (the “Stock Option Plan”). The table below outlines the options to be granted to directors of the Corporation as well as the Common Shares to be issued upon exercise of the options.

Name	Common Shares under option if Minimum Offering(1)	Common Shares under option if Maximum Offering(1)	Exercise price per Common Share	Expiry Date
Joseph Andre Charland	75,000	125,000	$0.10	10 years
Jeff Yenyou Zheng	75,000	125,000	$0.10	10 years
Patrick Edward Power	75,000	125,000	$0.10	10 years
Joe Edward Robin DeVries	75,000	125,000	$0.10	10 years
Total:	300,000	500,000		

Note:

(1) The options to purchase up to 300,000 Common Shares in the event the Minimum Offering is completed and up to 500,000 Common Shares in the event the Maximum Offering is completed to be granted to directors of the Corporation after the closing of this Offering (subject to regulatory approval).

Stock Option Terms

The policies of the Exchange provide that the board of directors of the Corporation may from time to time, in its discretion and in accordance with the Exchange Requirements, grant to directors, officers, employees and technical consultants of the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the total issued and outstanding Common Shares of the Corporation, for a period of up to ten years from the date of the grant. The number of Common Shares reserved for issuance to any individual director or officer of the Corporation will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding Common Shares.

The options may be exercised by the later of twelve (12) months after the Completion of the Qualifying Transaction and ninety (90) days following cessation of the optionee’s position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrowed Securities”.

Notwithstanding the terms of the Stock Option Plan described above, the CPC Policy imposes certain restrictions on incentive stock options during the period that the Corporation remains a CPC. Such restrictions shall remain in place until the Exchange issues the Final Exchange Bulletin (such bulletin indicating that the Resulting Issuer will not be considered a CPC). Under the CPC Policy and where permitted by securities legislation, the Corporation, while it remains a CPC, is limited to granting incentive stock options to only directors, officers and technical consultants of the Corporation. In addition, the total number of Common Shares reserved under option for issuance pursuant to the Stock Option Plan may not exceed 10% of the Common Shares to be outstanding at the closing of the Offering. The maximum number of Common Shares reserved under option for issuance to any individual officer or director may not exceed 5% of the issued and outstanding Common Shares to be outstanding at the closing of the Offering. The maximum number of Common Shares reserved under option for issuance to all technical consultants may not exceed 2% of the issued and outstanding Common Shares to be outstanding after the closing of the Offering. In addition, while the Corporation is a CPC, it is prohibited from granting incentive stock options to any person providing investor relations activities, promotional or market making services. The exercise price per Common Share under any incentive stock option granted by the Corporation while it is a CPC may not be less than the greater of the Offering price of $0.10 and the Discounted Market Price (as defined under Exchange policies). Any Common Shares acquired pursuant to the exercise of incentive stock options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrowed Securities”.

PRIOR SALES

Since the date of incorporation of the Corporation, 2,500,000 Common Shares have been issued and are outstanding as follows:

Date	Number of Common Shares(1)	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
May 12, 2011	4	$0.05	$0.20	Cash
June 1, 2011	2,499,996	$0.05	$124,999.80	Cash
Total	**2,500,000**	**$0.05**	**$125,000**	**Cash**

Note:

(1) All of the 2,500,000 Common Shares issued at a price of $0.05 will be held in escrow. See “Escrowed Securities”.

ESCROWED SECURITIES

Securities Escrowed Prior to the Completion of the Qualifying Transaction

All of the 2,500,000 Common Shares issued prior to the Offering at a price below $0.10 per Common Share, and all Common Shares that may be acquired by Non Arm’s Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all Common Shares acquired by members of the Aggregate Pro Group prior to this Offering will be deposited with the Transfer Agent under the Escrow Agreement.

All Common Shares acquired on exercise of stock options prior to Completion of a Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of a Qualifying Transaction by any Person or Company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer will also be escrowed.

The following table sets out, as at the date hereof, the number of Common Shares of the Corporation, which are held in escrow pursuant to the Escrow Agreement:

Name and Municipality of Residence of Shareholder	Number of Common Shares Held in Escrow(1)	Percentage of Common Shares Prior to Giving Effect to the Offering	Percentage of Common Shares After Giving Effect to the Offering	
			Minimum Offering(2)(3)	Maximum Offering(2)(3)
Joseph Andre Charland *North Vancouver, British Columbia*	500,000	20%	9.09%	6.67%
Jeff Yenyou Zheng *Vancouver, British Columbia*	500,000	20%	9.09%	6.67%
0800025 B.C. Ltd. (4) *Vancouver, British Columbia*	500,000	20%	9.09%	6.67%
Joe Edward Robin DeVries *Delta, British Columbia*	500,000	20%	9.09%	6.67%
Christian Wirth Panama City, Panama	500,000	20%	9.09%	6.67%
TOTAL	**2,500,000**	**100.00%**	**45.45%**	**33.35%**

Notes:

(1) All outstanding Common Shares as at the date of this prospectus are subject to escrow.
(2) Before giving effect to the exercise of the Agent's Warrants and the options to acquire Common Shares that are to be granted to the directors of the Corporation upon closing of this Offering.
(3) Assuming that no Common Shares are purchased by any of the above named shareholders pursuant to the Offering.
(4) 0800025 BC Ltd. is wholly owned by Patrick Power, Director.

Where the Common Shares of the Corporation which are required to be held in escrow are held by a non-individual (a "holding company"), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Under the Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates which are 6, 12, 18, 24, 30 and 36 months following the Initial Release.

If the Resulting Issuer meets the Exchange's Tier 1 initial listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 Issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement, each Non Arm's Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering Price under this prospectus has irrevocably authorized and directed the Transfer Agent to immediately:

(a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation; or

(b) if the Corporation lists on the NEX board of the Exchange, either:

(i) cancel all Seed Shares purchased by Non-Arm's Length Parties to the CPC at a discount from the Offering Price under this prospectus in accordance with section 11.2(a) of the CPC Policy, or

(ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non-Arm's Length Parties of the CPC so that the average cost of the remaining Seed Shares is at least equal to the Offering Price under this prospectus.

Escrowed Securities on Qualifying Transaction

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are "Value Securities", then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security agreement (a "Value Security Escrow Agreement"). "Value Securities" are securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a "Surplus Security Escrow Agreement").

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 Issuer, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with: 5% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, with 5% of the escrow securities being releasable after 6 months from the Final Exchange Bulletin, with 10% of the escrowed securities being releasable after 12 and 18 months from the Final Exchange Bulletin, with 15% of the escrowed securities being releasable after 24 and 30 months from the Final Exchange Bulletin, and, the final 40% of the escrowed securities being releasable after 36 months from the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier I Issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a 18 month escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, with 20% of the escrowed securities releasable after 6 months from the Final Exchange Bulletin, with 30% of the escrowed securities being releasable after 12 months from the Final Exchange Bulletin and, 40% of the escrowed securities being releasable after 18 months from the Final Exchange Bulletin.

Securities issued pursuant to a private placement to Principals of the Corporation and the proposed Resulting Issuer will generally be exempt from escrow requirements where:

(a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the policies of the Exchange; or

(b) the private placement is announced concurrently with the Agreement in Principle and

(i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer,

(ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and

(iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

PRINCIPAL SHAREHOLDERS

The following table lists those persons who own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof.

Name and Municipality of Residence	Type of Ownership	Number of Common Shares (1)	Percentage of Common Shares Prior to Offering	Percentage of Common Shares After Minimum Offering (2)(3)(4)	Percentage of Common Shares After Maximum Offering (2)(3)(4)
Joseph Andre Charland *North Vancouver, British Columbia*	Direct	500,000	20%	9%	6.67%
Jeff Yenyou Zheng *Vancouver, British Columbia*	Direct	500,000	20%	9%	6.67%
Patrick Edward Power *Vancouver, British Columbia*	Direct	500,000	20%	9%	6.67%
Joe Edward Robin DeVries *Delta, British Columbia*	Direct	500,000	20%	9%	6.67%
Christian Wirth Panama City, Panama	Direct	500,000	20%	9%	6.67%

Notes:

(1) These shares are subject to escrow pursuant to the policies of the Exchange. See "Escrowed Securities".
(2) Before giving effect to the exercise of the Agent's Warrants and the options to acquire Common Shares that are to be granted to the directors of the Corporation upon closing of this Offering.
(3) Assuming that no Common Shares are purchased by any of the above named shareholders pursuant to the Offering.
(4) On a fully diluted basis, assuming the exercise of the Agent's Warrants and the stock options, the above holders of Common Shares, after giving effect to the Minimum Offering and Maximum Offering, respectively, would own approximately the following percentage of the outstanding Common Shares:
    (i) Joseph Andre Charland: 9.43% and 7.35%
    (ii) Jeff Yenyou Zheng: 9.43% and 7.35%
    (iii) Patrick Edward Power 9.43% and 7.35%
    (iv) Joe Edward Robin DeVries: 9.43% and 7.35%
    (v) Christian Wirth: 8.2% and 5.88%

DIRECTORS, OFFICERS AND PROMOTERS

The following are the names and municipalities of residence of the directors and officers of the Corporation, their position and offices with the Corporation and their principal occupations during the last five years. See also "Management of the Corporation".

Name and Municipality of Residence	Positions with Corporation	No. of Common Shares	Principal Occupation
Joseph Andre Charland *North Vancouver, British Columbia*	Chief Executive Officer, President, Corporate Secretary and Director	500,000	President, 516022 BC Ltd.

Name and Municipality of Residence	Positions with Corporation	No. of Common Shares	Principal Occupation
Jeff Yenyou Zheng(1) *Vancouver, British Columbia*	Chief Financial Officer	500,000	Director & President, Aquasol EnvironTeck (Canada) Ltd.
Patrick Edward Power(1) *Vancouver, British Columbia*	Director	500,000	Vice President Finance, Potash Corp.
Joe Edward Robin DeVries(1) *Delta, British Columbia*	Director	500,000	Self-Employed

Notes:

(1) Member of the Corporation's Audit Committee.
(2) Chair of the Corporation's Audit Committee.

Each of the directors of the Corporation has been a director since May 12, 2011.

In addition to any other requirements of the Exchange, the Exchange expects management of the Corporation to meet a high management standard. The directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset.

Prior to the completion of the Offering, the directors, officers and promoters of the Corporation directly or indirectly collectively hold 80% of the Common Shares of the Corporation. Following the completion of the Offering, the directors and officers of the Corporation will directly or indirectly collectively hold approximately 36.35% of the Common Shares in the case of the Minimum Offering and 26.67% in the case of the Maximum Offering.

Management of the Corporation

Joseph Andre Charland – Chief Executive Officer, President, Corporate Secretary and Director, age 65

Mr. Joseph Charland, has a 25 year long career in the resource finance and management industry and brings experience and knowledge to junior mining start ups. Such experience includes investor relations to corporate finance, mergers and acquisitions, corporate development and corporate management as a director and officer. Presently he is acting as a corporate development consultant to Maya Gold and Silver Inc.

Mr. Charland was a founding director of Hilltop Resources Corp., now Tanzania Mining Corp. From 2007 to 2008 he acted as the corporate development officer at Longview Capital Partners where he oversaw the investor relation activities and helped fund various underlying companies in the portfolio.

It is anticipated that Mr. Charland will devote such time and expertise as is reasonably required by the Corporation.

Jeff Yenyou Zheng, Ph.D., Chief Financial Officer and Director, age 55

Mr. Jeff Yenyou Zheng was a founding director and President of Aquasol Environtech (Canada) Ltd., a wastewater treatment company operated in Canada and listed in OTCBB ("AQEVF") and later merged with China Linen Textile Industry Co. Ltd. ("CTXIF.OB") in July, 2008. In January, 2009, Mr. Zheng became a Director of Cantronic Systems Inc.("CTS"), an inferred camera hi-tech Canadian company and in November, 2009, Mr. Zheng became a Director of Polo Biology Global Group Corp. ("PGG"), listed in the TSX Venture Exchange. In August, 2007, Mr. Zheng became a CEO and Chairman of Overseas Public Inc.

Mr. Zheng received a doctorate degree in physics from Flinders University of South Australia in 1990. From February, 1991 to December, 2002, he worked as a senior Research Associate at the University of British Columbia in Vancouver, Canada and was a visiting professor at Tsinghua University, Beijing.

It is anticipated that Mr. Zheng will devote such time and expertise as is reasonably required by the Corporation.

Patrick Edward Power, Director, age 48

Mr. Patrick Power has been Chief Executive Officer, President, Chief Financial Officer and Secretary of Equitorial Capital Corp. since September 21, 2010. Mr. Power has been Vice President of Corporate Finance at Western Potash Corp. since August 2007. Mr. Power has been Chief Financial Officer and Secretary of Pennant Energy Inc. since March 2003. He has been the Chief Executive Officer and President of Arctic Star Diamond Corp. since December 2000.

Mr. Power served as the President and Chief Executive Officer of Austin Developments Corp. from August 2001 to April 2009. He served as the President of Global Netcare Ltd. from December 1998 to September 2000. He has over 15 years of experience as a stock market professional and as director of public companies.

Mr. Power served as the President of Montello Resources Ltd., from November 5, 1993 to April 11, 2006. Mr. Power has been a Director of Zimtu Capital Corp. since July 2008. and Western Potash Corp. since August 2007. He serves as a Director of several other publicly listed companies. He has been Director of Pennant Energy Inc., since March 2003, and Amarillo Gold Corporation since November 3, 2004. He has been a Director of Arctic Star Diamond Corp. since December 2000. He has been a Director of Equitorial Capital Corp. since September 21, 2010.

Mr. Power served as a Director of other mineral exploration companies. He served as a Director of Montello Resources Ltd. from November 5, 1993 to April 11, 2006. He served as a Director of Sentinel Resources Ltd. from July 1993 to January 1995. He served as a Director of Goldex Resources Ltd. from December 1996 to July 1997. Mr. Power served as Director of Global Netcare Inc. from December 1998 to September 2000.

It is anticipated that Mr. Power will devote such time and expertise as is reasonably required by the Corporation.

Joe Edward Robin DeVries, Director, age 51

Mr. DeVries has 20 plus years of experience in financing and administering public companies, including liaising with auditors and solicitors. He has facilitated in the building of shareholder equity with development capital and the reorganization and reactivation of Tier 2 TSX Venture Exchange listed oil and gas issuers including Altima Resources Ltd.

Mr. DeVries is the President and CEO of Petrichor Energy and is also a Director of Altima Resources Ltd.

Mr. DeVries is also the Managing Director of Simco Services Inc. a Vancouver based, boutique style public companies services firm.

It is anticipated that Mr. DeVries will devote such time and expertise as is reasonably required by the Corporation.

Other Reporting Issuer Experience

The following table sets out the directors, officers and Promoters of the Corporation that are, or have been within the last five years, directors, officers, promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction.

Name	Name of Reporting Issuer	Exchange or Market	Position	From	To
Joseph Andre Charland	Fargo Capital Corp.	TSXV	Director	07-2006	07-2007
	Broad Marvel Consumer Products	TSXV	Director	03-2009	12-2009
	Hilltop Resources	TSXV	Director	06-2007	05-2010

Name	Name of Reporting Issuer	Exchange or Market	Position	From	To
Jeff Yenyou Zheng	Polo Biology Global Group Corporation	TSXV	Director	09-2009	Present
	Cantronic Systems Inc.	TSXV	Director	01-2009	Present
Patrick Edward Power	Equitorial Capital Corp.	TSXV	Director	09-2010	Present
	Western Potash Corp.	TSXV	Director	08-2007	Present
	Zimtu Capital Corp.	TSXV	Director	07-2008	Present
	Amarillo Gold Corp.	TSXV	Director	11-2004	Present
	Pennant Energy Inc.	TSXV	Director	03-2003	Present
	Arctic Star Diamond Corp.	TSXV	Director	12-2000	Present
	Austin Developments Corp.	TSXV	Director	08-2001	04-2009
Joe Edward Robin DeVries	Precision Enterprises Inc.	TSXV	Director	06-2006	Present
	Odyssey Petroleum Corp.	TSXV	Director	08-2005	Present
	Altima Resources Ltd.	TSXV	Director	05-2006	Present

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, no director, officer, Insider, Principal or Promoter of the Corporation has, within the 10 years preceding the date of this prospectus, been a director, officer, Insider or Promoter of any other issuer that, while the person was acting in that capacity: (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days; or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director, officer, Insider or Promoter of the Corporation, within the 10 years preceding the date of this prospectus, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body of self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No director, officer, Insider, Principal or Promoter of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such Persons, has, within the 10 years preceding the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

There may be potential conflicts of interest to which the directors, officers, Insiders and Promoters of the Corporation may be subject in connection with the operations of the Corporation. The directors, officers, Insiders and Promoters may be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where a director, officer, Insider or Promoter will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia).

EXECUTIVE COMPENSATION

Except as set out below or otherwise disclosed in this prospectus, prior to a Completion of the Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Corporation to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

(a) remuneration, which includes but is not limited to:

  (i) salaries;

  (ii) consulting fees;

  (iii) management contract fees or directors' fees;

  (iv) finder's fees;

  (v) loans, advances, bonuses; and

(b) deposits and similar payments.

However, the Corporation may reimburse Non Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("Permitted Reimbursement"). No reimbursement may be made for any payment made to lease or buy a vehicle.

The Corporation has reserved in aggregate 300,000 Common Shares in the event the Minimum Offering is subscribed and 500,000 in the event the Maximum Offering is subscribed in relation to the options to be granted to its directors to subscribe for Common Shares of the Corporation pursuant to the Stock Option Plan. See "Options to Purchase Securities".

Following Completion of the Qualifying Transaction, it is anticipated that the Corporation shall pay compensation to its directors and officers. However, no payment other than the Permitted Reimbursements will be made by the Corporation or by any party on behalf of the Corporation after Completion of the Qualifying Transaction if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

DIVIDEND POLICY

No dividends have been paid on any shares of the Corporation since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

If the Corporation generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any, and, when appropriate, retire debt. The directors of the Corporation will determine if and when dividends should be declared and paid in the future based on the Corporation's financial position at the relevant time. All of the Common Shares are entitled to an equal share in any dividends declared and paid.

DILUTION

Assuming completion of the Offering, investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of approximately 22.7% or $0.023 per Common Share on the basis of there being 5,500,000 Common Shares issued and outstanding following completion of the Minimum Offering and an immediate dilution of approximately 16.7% or $0.017 per Common Share on the basis of there being 7,500,000 Common Shares outstanding following completion of the Maximum Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus without deduction of commissions or related expenses incurred by the Corporation.

RISK FACTORS

Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment.

The Corporation was only recently incorporated and has no assets other than cash and prepaid expenses. It has no history of earnings, and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Corporation has not identified a potential asset or business for acquisition or participation and has not entered into an Agreement in Principle as defined in the CPC Policy. Until Completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares. See "Business of the Corporation".

The directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "Directors, Officers, and Promoters".

Assuming completion of the Offering, investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution of approximately 22.7% or $0.023 per Common Share in the case of the Minimum Offering and approximately 16.7% or $0.017 per Common Share in the case of the Maximum Offering, before the deduction of selling commissions and related expenses incurred by the Corporation. See "Dilution".

The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Corporation and this may result in further dilution to investors, which dilution may be significant and which may also result in a change of control of the Corporation. Subject to prior Exchange approval, the Corporation may be permitted to loan or advance up to an aggregate of $250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan. See "Business of the Corporation" and "Use of Proceeds".

Completion of the Qualifying Transaction is subject to a number of conditions, including acceptance by the Exchange and, in the case of a Non Arm's Length Qualifying Transaction, Majority of Minority Approval. Unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other applicable law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no other entitlement to payment by the Corporation of fair value for the Common Shares.

Upon public announcement of a proposed Qualifying Transaction, trading in Common Shares of the Corporation will be halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction. Trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required. The Exchange will generally suspend trading in the Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing. Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction. See "Business of the Corporation".

The Corporation cannot be certain and provides no guarantee that, if a Qualifying Transaction is completed, the business acquired pursuant to the Qualifying Transaction will be profitable or ultimately benefit the Corporation and its shareholders. Neither the Exchange nor any securities regulatory authority passes on the merits of the proposed Qualifying Transaction. The Qualifying Transaction may also result in additional dilution to the Corporation's shareholders, increased debt or a change in control of the Corporation. Any failure to successfully integrate a business acquired pursuant to the Qualifying Transaction or a failure of such business to benefit the Corporation, could have a material adverse effect on the Resulting Issuer's business and results of operations.

In the event that the management of the Corporation resides out of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

If the Corporation does not make an election to be a public corporation in the manner contemplated in this prospectus, the purchasers may be penalized by the Canada Revenue Agency with respect to any Common Shares held in TFSAs (as defined hereafter under the heading "Eligibility for Investment").

As a result of these factors, this Offering is suitable only to investors who are willing to rely solely on the management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.

LEGAL PROCEEDINGS

The Corporation is not party to any legal proceedings, nor to the best of its knowledge are any legal proceedings threatened or pending.

RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT

The Corporation is not a related party or connected party (as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*) to the Agent.

The Agent, through its corporate finance department, was involved in the determination of the terms of the Offering in its capacity as agent for the sale of the Common Shares on a commercially reasonable best efforts basis. The Agent does not own, prior to the completion of the Offering, directly or indirectly, any securities of the Corporation and the only proceeds of the Offering to be received by the Agent is the remuneration to be paid to the Agent in connection with the sale of the Common Shares, which includes the Agent's commission, the corporate finance fee and the Agent's Warrants. See "Plan of Distribution"."

RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS

Certain legal matters relating to this Offering will be passed upon by Heenan Blaikie LLP on behalf of the Corporation, and by Miller Thompson LLP on behalf of the Agent. As of the date hereof, the partners and associates of Heenan Blaikie LLP and Miller Thompson LLP do not own any Common Shares (but may subscribe for Common Shares pursuant to the Offering).

Except as disclosed herein, no person or company whose profession or business gives authority to a statement made by such person or company and who is named in this prospectus has received or shall receive a direct or indirect interest in any securities or property of the Corporation and any Associate or Affiliate of the Corporation or is expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation.

Fernandez Young LLP, Certified General Accountants, are the auditors of the Corporation and are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

All of the directors and officers of the Corporation have acquired Common Shares of the Corporation in the seed capital phase of the Corporation. In addition, each of the directors of the Corporation will be granted options to purchase Common Shares pursuant to the Corporation's Stock Option Plan.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is Fernandez Young LLP whose principal office is located at Grosvenor Building, Suite 800 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

The transfer agent and registrar for the Common Shares is Olympia Trust Company whose principal office is located at 1900-925 Georgia St. West Vancouver, BC V6C 3L2.

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Common Shares since incorporation, other than contracts in the ordinary course of business, except:

1. the Agency Agreement dated as of October 28, 2011 between the Corporation and the Agent. See "Plan of Distribution";

2. the Escrow Agreement dated October 28, 2011 among the Corporation, the Transfer Agent and certain shareholders of the Corporation. See "Escrowed Securities"; and

3. the Transfer Agent and Registrar Agreement dated September 28, 2011 between the Corporation and the Transfer Agent. See "Auditor, Transfer Agent and Registrar".

Copies of these agreements will be available for inspection at the registered offices of the Corporation located at 1055 West Hastings Street, Suite 2200, Vancouver, British Columbia, V6E 2E9, at any time during ordinary business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts about the Common Shares being distributed that are not otherwise disclosed in this prospectus, or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares being distributed.

PROMOTERS

Joseph Andre Charland may be considered to be a Promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Joseph Andre Charland has, directly and/or indirectly, subscribed for and received 500,000 Common Shares of the Corporation and will be granted stock options in his capacity as director and officer of the Corporation. See "Principal Shareholders", "Prior Sales", "Directors, Officers and Promoters" and "Options to Purchase Securities".

ELIGIBILITY FOR INVESTMENT

In the opinion of Heenan Blaikie LLP, counsel to the Corporation, based on the provisions of the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder (the "Regulations"), provided the Common Shares are listed on a designated stock exchange (which includes the Exchange) on or before the filing due date for its first tax year and the Corporation elects in the manner and within the time limits prescribed by the Tax Act to be a "public corporation" (as that term is defined in the Tax Act) from the beginning of its first taxation year, the Common Shares will be qualified investments under the Tax Act and the Regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (a "TFSA") (each, a "Registered Plan").

Common Shares will not be a "prohibited investment" for a particular trust governed by a TFSA provided the holder deals at arm's length with the Corporation and does not have a "significant interest" (within the meaning of the Tax Act) in the Corporation or a person or partnership with which the Corporation does not deal at arm's length for purposes of the Tax Act. Holders of trusts governed by a TFSA should consult their own tax advisors to ensure the Common Shares would not be a prohibited investment in their particular circumstances.

The Minister of Finance (Canada) has proposed to extend the concept of "prohibited investment" rules to registered retirement savings plans and registered retirement income funds, with the penalty imposed on the annuitant thereof, for transactions occurring and investments acquired after March 22, 2011, with certain transitional provisions. There is no guarantee that the proposals will be enacted in their current form or at all. **Holders should consult their own tax advisors in this regard.**

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the province of British Columbia provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several provinces, the securities legislation further provides a purchaser with remedies for rescission, or in some jurisdictions damages, if this prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

Damon Capital Corp.

(A Capital Pool Company)

Financial Statements

Expressed in Canadian Dollars

Period from May 12, 2011 (Date of Incorporation)

to August 31, 2011

Damon Capital Corp.
(A Capital Pool Company)
August 31, 2011
Table of Contents

Fernandez Young LLP
Certified General Accountants
Member of FY International

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Damon Capital Corp.:
We have audited the accompanying financial statements of Damon Capital Corp., which comprise of the statement of financial position as at August 31, 2011 and the statements of operations and comprehensive loss, and cash flows for the period ended August 31, 2011 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Damon Capital Corp. as at August 31, 2011 and the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards.

Fernandez Young LLP

Fernandez Young LLP
Certified General Accountants
Vancouver, Canada
September 27, 2011

Grosvenor Building, 800 West Georgia Street, Suite 1010, Vancouver, BC, V6E 4H1, Canada
phone: 604.876.1884 fax: 604.876.1842 www.fernandezyoung.com

Damon Capital Corp.
(A Capital Pool Company)
Statement of Financial Position
(Expressed in Canadian Dollars)
As at August 31, 2011

ASSETS	
Current Assets	
Cash and cash equivalents	$ 94,920
Prepaid expenses	15,000
	$ 109,920
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities (note 4)	$ 39,893
SHAREHOLDERS' EQUITY	
Share capital (note 3)	112,866
Deficit	(42,839)
	70,027
	$ 109,920

Nature and continuance of operations (Note 1)

Approved by the board

"Joseph Andre Charland" "Jeff Yenyou Zheng"

"Patrick Edward Power" "Joe Edward Robin DeVries

The accompanying notes are an integral part of these financial statements.

Damon Capital Corp.
(A Capital Pool Company)
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
For the Period May 12, 2011 to August 31, 2011

Expenses	
Professional fees	42,839
Net loss and comprehensive loss	(42,839)
Loss per common share - basic and diluted (note 5)	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	2,500,000

The accompanying notes are an integral part of these financial statements.

Damon Capital Corp.
(A Capital Pool Company)
Statement of Equity
(Expressed in Canadian Dollars)
For the Period May 12, 2011 to August 31, 2011

	Share capital	Retained earnings (deficit)	
Balance, May 12, 2011	$ 0	$ 0	**$ 0**
Shares issued	125,000		**125,000**
Share issuance costs	(12,134)		**(12,134)**
Net loss and comprehensive loss		(42,839)	**(42,839)**
Balance, end of year	$ 112,866	$ (42,839)	**$ 70,027**

The accompanying notes are an integral part of these financial statements.

Damon Capital Corp.
(A Capital Pool Company)
Statement of Cash Flows
(Expressed in Canadian Dollars)
For the Period May 12, 2011 to August 31, 2011

Operating activities		
Net loss and comprehensive loss	$	(42,839)
Cash used for non-cash working capital:		
Change in Prepaid expenses		(15,000)
Change in Accounts payable and accrued liabilities		39,893
Investing activities		0
Financing activities		
Share capital		112,867
Net increase (decrease) in cash		94,921
Cash beginning		0
Cash ending	$	94,920

Supplemental disclosure of cash flow information

Amount of interest paid in year	$	NIL
Amount of income taxes paid in year		NIL

The accompanying notes are an integral part of these financial statements.

Damon Capital Corp.
(A Capital Pool Company)
Notes to Financial Statements
For the Period May 12, 2011 to August 31, 2011

1. **Nature and continuance of operations**

Damon Capital Corp. (the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on May 12, 2011. The Company applied to the TSX Venture Exchange (the "Exchange") and became a Capital Pool Company as that term is defined in the policies of the Exchange. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

Management is aware that significant material uncertainties may exist related to the current economic conditions that could cast significant doubt on the Company's ability to finance the completion of an acquisition and any future business opportunities.

These financial statements have been 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 continuing operations of the Company are dependent upon its ability to identify, evaluate, negotiate and complete a Qualifying Transaction. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Further discussion of liquidity risk has been disclosed in Note 5.

2. **Summary of accounting policies**

(a) Basis of Presentation

The financial statements have been prepared on an accrual, historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financing Reporting Interpretations Committee (IFRIC).

(b) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service.

(c) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.
Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

• loans and receivables
• financial assets at fair value through profit or loss
• held-to-maturity investments
• available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the company has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income' .
Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Financial liabilities
The Company's financial liabilities would include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.
All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

(d) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.
Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in

the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. For management's assessment of the probability of future taxable income to utilise against deferred tax assets.
Deferred tax assets and liabilities are offset only when the company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Equity

Share capital represents the nominal value of shares that have been issued.
Retained earnings includes all current and prior period retained profits.

(g) Estimation uncertainty

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

(h) Impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(i) Capital management policies and procedures

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share and working capital.
In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company has no long-term debt and is not subject to externally imposed capital requirements.

(j) New Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2012 or later periods.

The following new standards, amendments and interpretations, that have not been early adopted in these interim consolidated financial statements, will not have an effect on the Company's future results and financial position:

i) Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets (Effective for periods beginning on or after January 1, 2012)

ii) IFRS 9 – Financial Instruments (Effective for periods beginning on or after January 1, 2013).

3. **Share capital**

(a) Authorized
Unlimited number of common shares without par value.

(b) The share capital of the company consists only of fully paid ordinary shares with no par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the company.

	Amount	$
Balance of shares May 12, 2011	0	0
Issuance of shares for cash fully paid	2,500,000	125,000
Share issuance costs		(12,134)
	2,500,000	$ 112,866

During the period ended August 31, 2011, the Company issued 2,500,000 common shares at a price of $0.05 per common share for total proceeds of $125,000. These common shares will be held in escrow and will be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of a Qualifying Transaction by the Exchange and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities. If the Company does not receive final acceptance of Qualifying Transaction within 24 months from the date of listing and is delisted, the escrow shares may be cancelled.

4 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are all current and are the estimated professional fees accrued prior to the year end although no invoice has been received. The carrying values are considered to be a reasonable approximation of their fair value.

5 Earnings per Share

Earnings per share have been calculated using the profit attributable to shareholders of the company as the numerator, no adjustments to profit (loss) was necessary in 2011. The weighted average number of shares is equal to the number of shares outstanding at the year end, which are 2,500,000.

6 Related Party Transactions

Key management of the Company are the executive members of the board of directors. The only transactionswith key management were issuance of shares for cash.

The directors of the Company are Joseph Charland, director, President and CEO, Joe De Vries, director, Pat Powers, director and Jeff Zheng, director and CFO. During the period, each of the four directors acquired 500,000 shares for $0.05 each for an aggregate of 2,000,000 issued shares for $100,000. No payments for wages or benefits were received by the directors from the Company.

7 Financial Instruments Risk

Risk management objectives and policies

The company is exposed to various risks in relation to financial instruments. The financial assets and liabilities consist of cash, prepaid expenses and accounts payable and accrued liabilities. The main types of risks are market risk, credit risk and liquidity risk.

The company risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing short to medium-term cash flows by minimising the exposure to financial markets.

The company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the company is exposed are described below.

The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Liquidity risk analysis

Liquidity risk is that the company might be unable to meet its obligations. The company manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business.

8. **Events occurring after the balance sheet date**

The company has initiated the process of an initial public offering (IPO). It is expected that 3,000,000 common shares will be issued for $0.10 per share for gross proceeds of $300,000. The costs of the IPO are expected to be $30,000 with net proceeds to the company being $270,000. The agent also receives 300,000 warrants exercisable into one common share at a price of $0.10 for twenty-four months. The IPO is expected to be completed by October 31, 2011.
Other than the IPO, no adjusting or significant non-adjusting events have occurred between the reporting date and the date of this financial statements.

Fernandez Young LLP
Certified General Accountants
Member of FY International

October 28, 2011

TSX Venture Exchange
300 - 5th Avenue SW
10th Floor
Calgary, AB
T2P 3C4

Dear Sirs / Mesdames:

Re: Damon Capital Corp. (the "Company")

We refer to the Final Prospectus (the "Prospectus") of the Company related to sale and issue of a minimum of 3,000,000 common shares and a maximum of 5,000,000 common shares of the Company.

We consent to the use, through incorporation by reference in the above-mentioned prospectus, of our audit report dated September 27, 2011 to the shareholders of the Company on the following financial statements:

- Statement of financial position as at August 31, 2011; and
- Statements of operations and comprehensive Loss, equity and cash flow for the period ended August 31, 2011.

We report that we have read the Prospectus and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements.

This letter is provided solely for the purpose of assisting the securities regulatory authority(ies) to which it is addressed in discharging its (their) responsibilities and should not be used for any other purpose. Any use that a third party makes of this letter, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this letter.

Yours very truly,

Fernandez Young LLP

Fernandez Young LLP
Certified General Accountants

Grosvenor Building, 1010 West Georgia Street, Suite 800, Vancouver, BC, V6E 4H1, Canada
phone: 604.876.1884 fax: 604.876.1842 www.fernandezyoung.com

CERTIFICATE OF THE CORPORATION

Dated: October 28, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

DAMON CAPITAL CORP.

(signed) *"Joseph Andre Charland"*	(signed) *"Jeff Yenyou Zheng"*
JOSEPH ANDRE CHARLAND DIRECTOR, CHIEF EXECUTIVE OFFICER AND CORPORATE SECRETARY	JEFF YENYOU ZHENG CHIEF FINANCIAL OFFICER

On behalf of the Board of Directors of
Damon Capital Corp.

(signed) *"Patrick Edward Power"*	(signed) *"Joe Edward Robin DeVries"*
PATRICK EDWARD POWER DIRECTOR	JOE EDWARD ROBIN DEVRIES DIRECTOR

CERTIFICATE OF THE PROMOTER

Dated: October 28, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

(signed) *"Joseph Andre Charland"*
JOSEPH ANDRE CHARLAND

CERTIFICATE OF AGENT

Dated: October 28, 2011

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

CANACCORD GENUITY CORP.

(signed) *"Canaccord Genuity Corp"*

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