

YUNTONE CAPITAL CORP.
Management's Discussion and Analysis
For the three and nine months ended September 30, 2017

INTRODUCTION

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the three and nine months ended September 30, 2017 prepared as of November 27, 2017, should be read in conjunction with the unaudited condensed interim financial statements for the three and nine months ended September 30, 2017 and the related notes thereto of Yuntone Capital Corp. ("the Company"), together with the audited financial statements of the Company for the year ended December 31, 2016 as well as the accompanying MD&A for the year then ended.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

The following discussion and analysis may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth in the following discussion.

COMPANY OVERVIEW

Yuntone Capital Corp. (the "Company") was incorporated on March 6, 2008 pursuant to the Business Corporations Act of British Columbia and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. 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.

On February 17, 2009, the Company received final receipt to its prospectus from the British Columbia and Alberta Securities Commissions offering 2,000,000 common shares at \$0.10 per share as an initial public offering ("IPO"). Pursuant to an Agency Agreement with Canaccord Capital Corporation (the "Agent"), the Agent received a commission of \$20,000 and was issued 200,000 compensation options (the "Agent's Options"), which expired on May 20, 2011. The Company also paid the Agent \$10,000 as an administration fee and \$10,500 to reimburse its reasonable expenses and legal fees.

The IPO was completed on May 15, 2009. The common shares of the Company commenced trading on TSX-V at the opening of May 20, 2009.

Effective at the opening on August 23, 2011, the Company's listing was transferred to NEX Board of TSX-V and trading was reinstated in the securities of the Company. The trading symbol for the Company changed from YTC.P to YTC.H. There was no change in the Company's CUSIP number and no consolidation of capital.

Company shares were halted from trading at the request of the company on October 9, 2015, as the Company entered into a Letter of Intent for a proposed Qualifying Transaction. The Qualifying Transaction did not occur. Company shares were suspended from trading on April 14, 2016, for failing to maintain the services of a transfer agent.

RESULTS OF OPERATIONS

Nine months ended September 30, 2017

The Company recorded a net loss of \$18,934 (\$0.00 per share) for the nine months ended September 30, 2017 as compared to a net loss of \$13,532 (\$0.00 per share) for the nine months ended September 30, 2016.

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The increase in net loss in the current period was mainly due to the filing fees. Filing fees of \$10,202 (2016 - \$5,383), consisting of regulatory and filing fees, increased compared with the 2016 comparable period, due to the timing differences in fees relating to the filing of the audited annual financial statements.

The Company has no revenue, paid no dividends and had no long-term liabilities during the nine months ended September 30, 2017.

Three months ended September 30, 2017

The Company recorded a net loss of \$9,333 (\$0.00 per share) for the three months ended September 30, 2017 as compared to a net loss of \$846 (\$0.00 per share) for the three months ended September 30, 2016.

The increase in net loss in the current period was mainly due to the filing fees. Filing fees of \$7,702 (2016 - \$nil), consisting of regulatory and filing fees, increased compared with the 2016 comparable period, due to the timing differences in fees relating to the filing of the audited annual financial statements.

The Company has no revenue, paid no dividends and had no long-term liabilities during the three months ended September 30, 2017.

SUMMARY OF SELECTED QUARTERLY RESULTS (UNAUDITED)

The following table sets forth selected financial information from the Company's unaudited quarterly financial statements for each of the eight most recently completed quarters.

	THREE MONTHS ENDED			
	Sep 30, 2017 \$	Jun 30, 2017 \$	Mar 31, 2017 \$	Dec 31, 2016 \$
Total assets	1,305	903	7,857	7,857
Working capital (deficiency)	(89,667)	(69,572)	(59,970)	(59,970)
Net loss	9,333	9,601	nil	335
Net loss per share ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)

	THREE MONTHS ENDED			
	Sep 30, 2016 \$	Jun 30, 2016 \$	Mar 31, 2016 \$	Dec 31, 2015 \$
Total assets	2,879	2,859	1,238	2,445
Working capital (deficiency)	(70,398)	(69,552)	(57,761)	(56,866)
Net loss	846	11,881	805	7,847
Net loss per share ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)

⁽¹⁾The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants if any.

The loss reported for the quarter to quarter was mainly due to expenditures incurred for maintaining the Company's operations.

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FINANCING ACTIVITIES

During the year ended December 31, 2016, the Company issued a promissory note of \$10,763 for expenses. The note is unsecured, non-interest bearing and due on February 1, 2018.

During the nine months ended September 30, 2017, the Company issued a separate promissory note of \$20,000 to an unrelated party. The note is unsecured, bears interest at a rate of 5% per annum, compounded annually and is due on demand.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2017, the Company had cash of \$243 and a working capital deficit of \$89,667 (December 31, 2016 - cash of \$7,107 and working capital deficit of \$70,733). During the nine months ended September 30, 2017, net cash used in operating activities was \$21,864, and net cash provided by financing activities was \$15,000, which consisted of proceeds of \$20,000 received from issuance of a promissory note and loan of \$5,000 received from a related party, offset by repayment of convertible loan of \$10,000.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating working capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

TRANSACTIONS WITH RELATED PARTIES

As at September 30, 2017, the Company has \$14,995 (December 31, 2016 - \$9,995) due to the Chief Executive Officer of the Company. The amount is unsecured, interest free and is due on demand.

During the three and nine months ended September 30, 2017, the Company paid \$500 and \$1,500 (2016 - \$nil and \$nil) in office expenses to the Chief Executive Officer of the Company.

CURRENT SHARE DATA

As at the date of this MD&A, the Company has 3,411,200 common shares issued and outstanding, has 1,400,000 escrow shares remaining and no stock options outstanding.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of these financial statements in conformity with IFRS requires management to make judgement and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets/liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

On an on-going basis, management evaluates its estimates underlying various assumptions. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustments to the carrying amounts of assets and liabilities, include the following:

Critical accounting estimates

- Determination of accrued liabilities
- Measurement of equity/debt portion of convertible loan payable

Critical accounting judgments

- Recognition of deferred tax assets and liabilities
- Going concern

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- Use of measurement technique for convertible loan payable

NEW STANDARD AND INTERPRETATIONS NOT YET ADOPTED

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at September 30, 2017 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

In January 2016, the IASB amended IAS 7, *Statement of Cash Flows*. The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2018. The Company is currently evaluating the impact, of any, that the new guidance is expected to have on its financial statements.

The IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact that the new guidance is expected to have on its financial statements.

IFRS 9, *Financial Instruments* ("IFRS 9") as issued, reflects the first phase of the IASB's work on the replacement of IAS 39, *Financial Instruments: Recognition and Measurement* and applies the classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued July 2014, moved the mandatory effective date to January 1, 2018. The Company is currently evaluating the impact, if any that the new guidance is expected to have on its financial statements.

IFRS 16, *Leases* ("IFRS 16") specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact that the new guidance is expected to have on its financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

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DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements for the three and nine months ended September 30, 2017 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The Company does not currently have an operating business. Where an acquisition or participation is warranted, funding in addition to the IPO funding may be required. These additional funds may not be available on terms acceptable to the Company. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSX-V, at which time the TSX-V may suspend or de-list the Company's shares from trading.

OTHER INFORMATION

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