
YUNTONE CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

YUNTONE CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

	September 30, 2018	December 31, 2017
Note	\$	\$
ASSETS		
Current assets		
Cash	577,929	50,228
GST recoverable	5,735	1,461
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Total assets	583,664	51,689
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LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	3,215	103,978
Due to related parties	3	14,995
Promissory note	4	31,062
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	3,215	150,035
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SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital	5	1,044,373
Contributed surplus	5	44,160
Deficit		(508,084)
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	580,449	(98,346)
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Total liabilities and shareholders' equity (deficiency)	583,664	51,689

Nature of operations and going concern (Note 1)
Subsequent events (Note 6)

Approved and authorized on behalf of the Board of Directors on November 23, 2018

"Gunther Roehlig" Director

"Xiang Xia" Director

YUNTONE CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended September 30, 2018 and 2017
(Unaudited – Expressed in Canadian Dollars)

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2018	2017	2018	2017
		\$	\$	\$	\$
EXPENSES					
Accounting and auditing fees		1,324	-	14,930	5,500
Consulting fees	3	5,000	500	30,000	1,500
Filing fees		120	7,702	5,192	10,202
Interest expense		-	-	351	-
Office expenses		78	-	445	-
Professional fees		488	131	17,216	732
Transfer agent fees		505	1,000	7,000	1,000
NET LOSS AND COMPREHENSIVE LOSS					
FOR THE PERIOD		(7,515)	(9,333)	(75,134)	(18,934)
NET LOSS PER SHARE – BASIC AND DILUTED					
		(0.00)	(0.01)	(0.01)	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES					
OUTSTANDING		16,357,066	1,137,066	14,405,784	1,137,066

YUNTONE CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Unaudited – Expressed in Canadian dollars, except for share figures)

	Note	Number of Shares #	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, December 31, 2016	1	1,137,066	290,444	44,160	(405,337)	(70,733)
Net and comprehensive loss for the period		-	-	-	(18,934)	(18,934)
Balance, September 30, 2017	1	1,137,066	290,444	44,160	(424,271)	(89,667)
Net and comprehensive loss for the period		-	-	-	(8,679)	(8,679)
Balance, December 31, 2017	1	1,137,066	290,444	44,160	(432,950)	(98,346)
Shares issued in consideration for:						
Cash, pursuant to private placement		15,220,000	761,000	-	-	761,000
Less: Share issue costs			(7,071)	-	-	(7,071)
Net and comprehensive loss for the period		-	-	-	(75,134)	(75,134)
Balance, September 30, 2018	1	16,357,066	1,044,373	44,160	(508,084)	580,449

YUNTONE CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2018 and 2017
(Unaudited – Expressed in Canadian Dollars)

	2018	2017
	\$	\$
Operating activities:		
Net loss for the period	(75,134)	(18,934)
Changes in non-cash working capital related to operations:		
GST recoverable	(4,274)	(312)
Accounts payable and accrued liabilities	(100,763)	(2,618)
Net cash used in operating activities	(180,171)	(21,864)
Financing activities:		
Repayment of loans from related parties	(14,995)	5,000
Repayment of promissory note	(31,062)	20,000
Repayment of convertible loan	-	(10,000)
Common shares issued for cash	761,000	-
Share issue costs	(7,071)	-
Net cash provided by financing activities	707,872	15,000
Increase (decrease) in cash during the period	527,701	(6,864)
Cash – beginning of the period	50,228	7,107
Cash – end of the period	577,929	243
Supplemental information:		
Interest paid	650	-

YUNTONE CAPITAL CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2018 and 2017
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Yuntone Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on March 6, 2008 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The Company’s planned principal activity is to use its capital to investigate and acquire a business or group of assets (the “Qualifying Transaction”). The head office and principal address of the Company is located at 410-1040 West Georgia Street, Vancouver, BC, V6E 4H1.

On December 6, 2017, the Company consolidated its issued and outstanding common shares on the basis of 3 pre-consolidation shares for one post-consolidation share (the “Consolidation”). All references to share and per share amounts in these financial statements have been retroactively restated to reflect the Consolidation.

The Company does not currently have operations or assets capable of generating ongoing revenues or cash flows and it did not complete a Qualifying Transaction within the time specified by TSX-V Policy 2.4., which is generally 24 months from the date its shares are listed for trading on the TSX-V.

Effective at the opening on August 23, 2011, the Company's listing was transferred to the NEX Board of the 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.

As at September 30, 2018, the Company has a cumulative deficit of \$508,084. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. Although these financial statements have been prepared and presented on a going concern basis, the factors outlined above raise significant doubt about the ability of the Company to continue as a going concern, in which case this basis of presentation will not be appropriate. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, using the same accounting policies as detailed in the Company’s audited annual financial statements for the year ended December 31, 2017. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting

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Interpretations Committee ("IFRIC") and therefore should be read together with the audited annual financial statements for the year ended December 31, 2017.

These condensed interim consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars unless otherwise stated.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 23, 2018.

b) Consolidation

These consolidated financial statements include the financial statements of the Company and a wholly-owned subsidiary subject to control by the Company, 1160015 B.C. Ltd. ("Subco").

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

c) Functional currency

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company and 1160015 B.C. Ltd. is the Canadian dollar.

d) Critical Accounting Estimate, Judgments and Assumptions

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:

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Critical accounting estimates

- Determination of accrued liabilities

Critical accounting judgments

- Recognition of deferred tax assets and liabilities
- Going concern

e) Accounting Changes and Recent Pronouncements

New and amended standards adopted by the Company

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 adoption of this standard did not have a material measurement or disclosure impact on the Company’s 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 adoption of this standard did not have a material measurement or disclosure impact on the Company’s financial statements

New standards and interpretations not yet adopted

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.

3. RELATED PARTY TRANSACTIONS

As at December 31, 2017, the Company had \$14,995 due to the former Chief Executive Officer of the Company. The loan was unsecured, interest free and due on demand. During the nine months ended September 30, 2018, the loan was repaid in full.

During the three and nine months ended September 30, 2018, the Company paid \$5,000 and \$30,000 (2017 - \$500 and \$1,500) in consulting fees to the former Chief Executive Officer of the Company.

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4. PROMISSORY NOTES

During the year ended December 31, 2016, the Company issued a promissory note of \$10,763 for expenses. The note was unsecured, non-interest bearing and due on February 1, 2018. During the nine months ended September 30, 2018, the outstanding balance of the promissory note was repaid in full.

During the year ended December 31, 2017, the Company issued a separate promissory note of \$20,000 to an unrelated party. The note was unsecured, bore interest at a rate of 5% per annum, compounded annually and was due on demand. During the nine months ended September 30, 2018, the outstanding balance of the promissory note including interest accrued was repaid in full.

5. SHARE CAPITAL

a) Authorized share capital

As at September 30, 2018, the authorized share capital of the Company was an unlimited number of common shares and preferred shares without par value.

b) Issued and outstanding share capital

As at September 30, 2018, the issued and outstanding share capital of the Company was 16,357,066 common shares.

c) Consolidation

On December 6, 2017, the Company consolidated its issued and outstanding common shares on the basis of 3 pre-consolidation shares for one post-consolidation share. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the Consolidation.

d) Transactions during the period

On February 2, 2018, the Company closed a private placement financing by issuing a total of 15,220,000 common shares for gross proceeds of \$761,000. Share issue costs of \$7,071 were incurred in connection with the private placement.

e) Escrowed shares

The Company originally had 933,333 common shares held in escrow on a post consolidation basis, that were to be released pro-rata to the shareholders, as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V upon completion of a Qualifying Transaction and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. Upon being transferred to the NEX Board, the Company was required to cancel half of the escrow shares, leaving 466,666 escrow shares

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to ultimately be released based on these percentages after it completes a Qualifying Transaction. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled. 466,666 common shares remained in escrow on a post consolidation basis as at September 30, 2018 and December 31, 2017.

f) Stock options

The Company adopted a stock option plan (the “Stock Option Plan”) under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

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.

As at September 30, 2018, the Company had no stock options outstanding.

6. PROPOSED QUALIFYING TRANSACTION

On May 3, 2018, the Company entered into a definitive agreement with GrowX Global Corp. (“GrowX”) and 1160015 B.C. Ltd. (“Subco”), whereby the Company was to acquire all of the issued and outstanding shares of GrowX. In consideration of which the Company was to issue to the shareholders of GrowX one postsplit common share of the Company for each share of GrowX. The transaction was to proceed by a three-cornered amalgamation by the parties, whereby GrowX and Subco was to amalgamate to form GrowX Cannabis Inc. (“Amalco”), resulting in Amalco being a wholly owned subsidiary of the Company. The transaction was to constitute the Company's qualifying transaction under the policies of the TSX-V.

Subsequent to September 30, 2018, GrowX and Subco have mutually agreed to terminate the definitive agreement.