
YUNTONE CAPITAL CORP.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Yuntone Capital Corp.

We have audited the accompanying financial statements of Yuntone Capital Corp., which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in deficiency and cash flows for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 our 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, we consider 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 based on our audits 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 financial position of Yuntone Capital Corp. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Yuntone Capital Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 25, 2018

YUNTONE CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2017 \$	December 31, 2016 \$
ASSETS			
Current assets			
Cash		50,228	7,107
GST recoverable		1,461	750
Total assets		51,689	7,857
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		103,978	47,832
Convertible loan payable	3	-	10,000
Due to related party	4	14,995	9,995
Promissory notes	5	31,062	10,763
		150,035	78,590
SHAREHOLDERS' DEFICIENCY			
Share capital	6	290,444	290,444
Contributed surplus	6	44,160	44,160
Deficit		(432,950)	(405,337)
		(98,346)	(70,733)
Total liabilities and shareholders' deficiency		51,689	7,857

Nature of operations and going concern (Note 1)
Subsequent events (Note 10)

Approved and authorized on behalf of the Board of Directors on April 25, 2018

“Gunther Roehlig” Director

“Peter Hughes” Director

YUNTONE CAPITAL CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Note	2017 \$	2016 \$
EXPENSES			
Accounting and auditing fees		7,430	5,000
Filing fees		10,202	7,648
Interest expense		299	
Office expenses	4	2,009	1,219
Professional fees		6,131	-
Transfer agent fees		1,542	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(27,613)	(13,867)
NET LOSS PER SHARE – BASIC AND DILUTED		(0.02)	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		1,137,066	1,137,066

YUNTONE CAPITAL CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian dollars, except for share figures)

	Note	Number of Shares #	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, December 31, 2015	1	1,137,066	290,444	44,160	(391,470)	(56,866)
Net and comprehensive loss for the year		-	-	-	(13,867)	(13,867)
Balance, December 31, 2016	1	1,137,066	290,444	44,160	(405,337)	(70,733)
Net and comprehensive loss for the year		-	-	-	(27,613)	(27,613)
Balance, December 31, 2017	1	1,137,066	290,444	44,160	(432,950)	(98,346)

YUNTONE CAPITAL CORP.
STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	2017	2016
	\$	\$
Operating activities:		
Net loss for the year	(27,613)	(13,867)
Items not involving cash		
Interest expense	299	-
Changes in non-cash working capital related to operations:		
GST recoverable	(711)	(250)
Accounts payable and accrued liabilities	56,146	(1,596)
Net cash provided by (used in) operating activities	28,121	(15,713)
Financing activities:		
Receipts (repayment) of convertible loan	(10,000)	10,000
Loans from related party	5,000	112
Issuance of promissory notes	20,000	10,763
Net cash provided by financing activities	15,000	20,875
Increase in cash during the year	43,121	5,162
Cash – beginning of the year	7,107	1,945
Cash – end of the year	50,228	7,107

YUNTONE CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
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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 441 Heales Avenue, Penticton, BC, V2A 1G5.

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 December 31, 2017, the Company has a cumulative deficit of \$432,950 and a working capital deficiency of \$98,346. 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. Subsequent to December 31, 2017, the Company closed a private placement financing by issuing a total of 15,220,000 post-consolidated common shares for gross proceeds of \$761,000 (Note 10).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Compliance and Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were approved and authorized for issue by the Board of Directors on April 25, 2018.

b) Functional Currency

The functional and presentation currency of the Company is the Canadian dollar.

c) Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and classified upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized in comprehensive income or loss.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company classified its cash as FVTPL.

Financial Liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant

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period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in comprehensive income or loss.

The Company classified its accounts payable, convertible loan payable, amounts due to related party and promissory notes payable as other financial liabilities.

d) Income Taxes

Income tax expense comprises current and deferred income tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax expense is calculated using tax rates, laws and government policies that were enacted or substantively enacted at the statement of financial position date.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities and are expected to reverse using tax rates and laws enacted or substantively enacted at the statement of financial position date which are expected to apply in the period of reversal.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction.

e) Share-based Compensation Transactions

The Company records all share-based compensation at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive income or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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Where equity instruments are granted to non-employees, they are recorded at the fair value of the good or services received in the statement of comprehensive income or loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital. Warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options, agents' options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to share-based compensation reserve. The Company uses Black-Scholes option pricing model to estimate the fair value of share-based compensation.

f) Loss Per Share

The Company presents basic and diluted loss per common share at each reporting period. The basic loss per common share is calculated by dividing the loss available to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. The weighted average number of common shares outstanding is adjusted retrospectively for changes in capitalization such as share splits, reverse splits, or cancellations without consideration (see Note 1).

g) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditure required to settle the Company's liability at the reporting date.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax interest rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

h) 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.

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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
- Use of measurement technique for convertible loan payable

i) Accounting Changes and Recent Pronouncements

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at December 31, 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.

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 is not expected to have a material impact on the Company’s financial statements.

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* (“IFRS 9”), incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2015, as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This standard will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements). The adoption of this standard is not expected to have a material impact on the Company’s 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

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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. CONVERTIBLE LOAN PAYABLE

On April 14, 2016, the Company entered into an agreement to borrow \$10,000 from a lender in exchange for an assignment of certain agreements by the Company to the lender. The loan was non-interest bearing and without fixed terms of repayment, but it contained conditions whereby:

- a) The lender may convert the loan into common shares at a price equal to the lesser of (i) \$0.03 per common share, and (ii) the price approved by either the TSX-V or the NEX, as applicable; and
- b) The lender will pay an additional \$5,000 to the Company contingent on the lender's ability to realize on the agreements assigned to the lender.

The allocation of value between the debt and equity portions of the convertible note payable was determined by first estimating the fair value of the loan payable, then allocating the residual value to the equity portion. The equity portion was determined to be nil as the conversion feature had no intrinsic value at the time the loan was issued.

During the year ended December 31, 2017, the Company repaid the loan in full.

4. RELATED PARTY TRANSACTIONS

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

During the year ended December 31, 2017, the Company paid \$2,000 (2016 - \$800) in office expenses to the former Chief Executive Officer of the Company.

5. PROMISSORY NOTES

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 year ended December 31, 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.

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As at December 31, 2017, the total balance of the promissory notes outstanding plus accrued interest was \$31,062 (2016 - \$10,763).

6. SHARE CAPITAL

a) Authorized share capital

As at December 31, 2017, 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 December 31, 2017, the issued and outstanding share capital of the Company was 1,137,066 common shares, which is post the 3 for 1 share consolidation described in Note 1.

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) 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 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 December 31, 2017 and 2016.

e) 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.

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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 December 31, 2017, the Company had no stock options outstanding.

7. FINANCIAL INSTRUMENTS AND RISK

IFRS 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial instruments include cash, accounts payable and accrued liabilities, convertible loan payable, promissory note and amounts due to related party. The carrying values of these instruments approximate their fair values due to the relatively short periods of maturity of these instruments.

As at December 31, 2017, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2016, are shown in the table below:

	December 31, 2017		December 31, 2016	
	Fair Value \$	Carrying Value \$	Fair Value \$	Carrying Value \$
Financial assets				
Cash	50,228	50,228	7,107	7,107
Financial liabilities				
Accounts payable and accrued liabilities	103,978	103,978	47,832	47,832
Convertible loan payable	-	-	10,000	10,000
Due to related party	14,995	14,995	9,995	9,995
Promissory note	31,062	31,062	10,763	10,763

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The fair values of the Company's cash measured at December 31, 2017, constitute Level 1 measurements within the fair value hierarchy.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets in cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash and equivalents with high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet liabilities when due. As at December 31, 2017, the Company had current liabilities of \$150,035 and cash balance of \$50,228. All of the Company's current financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk

The Company has a promissory note with a fixed interest rate. Accordingly there is minimal interest rate risk.

Foreign currency exchange rate risk

The Company does not have assets or liabilities in foreign currency and therefore is not exposed to foreign currency risk.

A sensitivity analysis has not been presented as the Company currently has no significant exposure to fluctuations in interest or foreign exchange rates.

8. CAPITAL MANAGEMENT

The Company's objective is to safeguard its ability to continue as a going concern in order to identify and complete a Qualifying Transaction.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company issues new shares through private placements.

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The Company currently does not have sufficient cash for operations and must rely on equity financing or advances from officers, directors or shareholders to finance operations or any Qualifying Transaction. The Company is not subject to any external capital requirement.

As at December 31, 2017, the Company's capital structure consists of share capital, contributed surplus and deficit.

9. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended December 31, 2017 and 2016:

	2017	2016
Statutory tax rate	26%	26%
	\$	\$
Loss before income taxes	(27,613)	(13,867)
Expected income tax recovery at statutory rate	(7,179)	(3,605)
Change in rate and others	(4,502)	-
Change in deferred tax asset not recognized	11,681	3,605
Income tax recovery	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. The significant components of the Company's net deferred income tax assets as at December 31, 2017 and 2016 are as follows:

	2017	2016
	\$	\$
Non-capital loss carry forward	121,563	109,882
Unrecognized deferred income tax assets	(121,563)	(109,882)
Net deferred tax asset	-	-

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Non-capital losses carryforward

As at December 31, 2017, the Company has not recognized a deferred tax asset in respect of non-capital losses carryforwards of approximately \$450,238 (2016 – \$422,625) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in 2028 to 2037.

	\$
2028	51,528
2029	79,652
2030	43,476
2031	54,749
2032	91,503
2033	47,764
2034	22,450
2035	17,636
2036	13,867
2037	27,613
	450,238

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that deferred taxable profit will be available against which the Company can utilize such deferred tax assets.

10. SUBSEQUENT EVENTS

- a) 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.
- b) On February 22, 2018, the Company repaid a promissory note of \$10,763 to a lender (see Note 5).