

YUNTONE CAPITAL CORP.
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019

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, 2019 prepared as of November 29, 2019, should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019 and the related notes thereto of Yuntone Capital Corp. ("the Company"), together with the audited consolidated financial statements of the Company for the year ended December 31, 2018 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 ("CPC") 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.

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 ("QT") 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 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.

RESULTS OF OPERATIONS

Nine months ended September 30, 2019

The Company recorded a net loss of \$36,662 (\$0.00 per share) for the nine months ended September 30, 2019 as compared to a net loss \$75,134 (\$0.01 per share) for the nine months ended September 30, 2018.

The decrease in net loss in the current period was mainly due to the decrease in consulting and professional fees as a result of decreases in general corporate activities compared with the 2018 comparable period.

The Company had no revenue, paid no dividends and had no long-term liabilities during the nine months ended September 30, 2019.

Three months ended September 30, 2019

The Company recorded a net loss of \$18,137 (\$0.00 per share) for the three months ended September 30, 2019 as compared to a net loss of \$7,515 (\$0.00 per share) for the three months ended September 30, 2018.

The decrease in net loss in the current period was mainly due to the decrease in consulting and professional fees as a result of decreases in general corporate activities compared with the 2018 comparable period.

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The Company had no revenue, paid no dividends and had no long-term liabilities during the three months ended September 30, 2019.

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, 2019 \$	Jun 30, 2019 \$	Mar 31, 2019 \$	Dec 31, 2018 \$
Total assets	538,629	560,927	566,394	573,422
Working capital	530,374	548,511	557,576	567,036
Net loss	(18,137)	(9,065)	(9,460)	(13,413)
Net loss per share ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)

	THREE MONTHS ENDED			
	Sep 30, 2018 \$	Jun 30, 2018 \$	Mar 31, 2018 \$	Dec 31, 2017 \$
Total assets	583,664	607,577	638,627	51,689
Working capital (deficiency)	580,449	587,964	625,595	(98,346)
Net loss	(7,515)	(37,631)	(29,988)	(8,679)
Net loss per share ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.01)

⁽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 net losses in the quarters ended June 30, 2018 and March 31, 2018 were higher compared to other recent periods mostly due to the charges in professional fees, accounting and auditing fees, and office expenses, which increased as a result of the increases in the general corporate activities compared to other quarters. Changes in total assets and working capital are a function of equity financings, less operating costs of the Company.

FINANCING ACTIVITIES

On February 2, 2018, the Company completed a non-brokered private placement financing of 15,220,000 post-Consolidation common shares at a price of \$0.05 per common share for gross proceeds of \$761,000. Share issue costs of \$7,071 were incurred in connection with the private placement.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company had cash of \$512,300 and a working capital of \$530,374 (December 31, 2018 - cash of \$572,810 and a working capital of \$567,036). During the nine months ended September 30, 2019, net cash used in operating activities was \$35,510. The Company advanced \$25,000 in exchange for a promissory note receivable as part of the investing activity.

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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 December 31, 2017, the Company had a balance of \$14,995 due to the former Chief Executive Officer of the Company. The loan was unsecured, interest free and due on demand. During the year ended December 31, 2018, this amount was repaid in full.

During the three and nine months ended September 30, 2019, the Company paid \$nil and \$nil (2018 - \$5,000 and \$30,000) in consulting fees to the former Chief Executive Officer of the Company.

CURRENT SHARE DATA

As at the date of this MD&A, the Company has 16,357,069 common shares issued and outstanding, has 466,666 escrow shares remaining and no stock options outstanding.

PROPOSED QUALIFYING TRANSACTION

On August 11, 2019, the Company entered into an arm's length business combination agreement with GrowX Global Corp. ("GrowX") and 1160015 B.C. Ltd. ("Subco"), a wholly owned subsidiary of the Company, whereby the Company will acquire all of the issued and outstanding shares of GrowX (the "Transaction"). In consideration of which the Company will issue to the shareholders of GrowX one post-consolidation common share of the Company for each share of GrowX. The Company anticipates that it will issue a total of 59,583,121 post-consolidation common shares of the Company. The Transaction will proceed by a three-cornered amalgamation by the parties, whereby GrowX and Subco will amalgamate to form GrowX Cannabis Inc. ("Amalco"), resulting in Amalco being a wholly owned subsidiary of the Company. The Transaction will constitute the Company's qualifying transaction under the policies of the TSX-V.

On August 28, 2019, the Company advanced \$25,000 to GrowX in exchange for a promissory note issued by GrowX. The promissory note bears interest at a rate of 5% per annum, and is due and payable on August 28, 2020. In addition, subject to TSX-V approval, the Company will provide GrowX with a loan of \$225,000 (the "Loan"). The Loan will bear interest at a rate of 5% per annum, secured on the assets of GrowX and be due and payable one year from the date of advancement.

In conjunction with closing of the Transaction, the Company plans to (a) complete a share consolidation on the basis of one post-consolidation common share for every two pre-consolidation shares, resulting in the issued and outstanding shares decreasing from 16,357,069 to 8,178,534 common shares, and (b) change its name to GrowX Global Corp. The common shares of the Company will be listed on the TSX-V under a new trading symbol.

Prior to closing the Transaction, the Company will complete a non-brokered private placement financing of 4,666,666 pre-consolidation share of the Company at a price of \$0.075 per pre-consolidation share for total proceeds of \$350,000.

In conjunction with closing the Transaction, GrowX will be completing a non-brokered private placement convertible note financing (the "Note") in the principal amount of \$5,000,000. The Note will bear interest at a rate of 9% per annum, payable semi-annually, and will mature and be payable 36 months from the date of issuance. The principal amount of the note will be convertible into common shares of GrowX at a price of \$0.35 per share.

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The completion of the Transaction is subject to the satisfaction of customary conditions precedent including, but not limited to TSX-V approval and the receipt of all necessary shareholder and board of director approval.

SIGNIFICANT ACCOUNTING POLICIES

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2018. These accounting policies can have a significant impact on the Company's financial performance and financial position of the Company.

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

Critical accounting judgments

- Recognition of deferred tax assets and liabilities
- Going concern

NEW STANDARD AND INTERPRETATIONS NOT YET ADOPTED

New and amended standards adopted by the Company

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

OFF-BALANCE SHEET ARRANGEMENTS

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

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 consolidated interim financial statements for the three and nine months ended September 30, 2019 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

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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.