
YUNTONE CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(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 consolidated interim 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 consolidated interim 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 CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

	Note	September 30, 2019 \$	December 31, 2018 \$
ASSETS			
Current assets			
Cash		512,300	572,810
GST recoverable		1,329	612
Promissory note receivable	5	25,000	-
Total assets		538,629	573,422
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		8,255	6,386
SHAREHOLDERS' EQUITY			
Share capital	4	1,044,373	1,044,373
Contributed surplus	4	44,160	44,160
Deficit		(558,159)	(521,497)
		530,374	567,036
Total liabilities and shareholders' equity		538,629	573,422

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board of Directors on November 29, 2019

"Gunther Roehlig" Director

"Xiang Xia" Director

YUNTONE CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2019 \$	2018 \$	2019 \$	2018 \$
EXPENSES					
Accounting and auditing fees		2,741	1,324	16,712	14,930
Consulting fees	3	300	5,000	300	30,000
Filing fees		120	120	821	5,192
Interest expense		-	-	-	351
Office expenses		96	78	313	445
Professional fees		14,130	488	15,778	17,216
Transfer agent fees		750	505	2,738	7,000
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD					
		(18,137)	(7,515)	(36,662)	(75,134)
NET LOSS PER SHARE – BASIC AND DILUTED					
		(0.00)	(0.00)	(0.00)	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING					
		15,890,403	15,890,403	15,890,403	12,947,306

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

	Number of Shares #	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, December 31, 2017	1,137,069	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	16,357,069	1,044,373	44,160	(508,084)	580,449
Net and comprehensive loss for the period	-	-	-	(13,413)	(13,413)
Balance, December 31, 2018	16,357,069	1,044,373	44,160	(521,497)	567,036
Net and comprehensive loss for the period	-	-	-	(36,662)	(36,662)
Balance, September 30, 2019	16,357,069	1,044,373	44,160	(558,159)	530,374

YUNTONE CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

	2019	2018
	\$	\$
Operating activities:		
Net loss for the period	(36,662)	(75,134)
Changes in non-cash working capital related to operations:		
GST recoverable	(717)	(4,274)
Accounts payable and accrued liabilities	1,869	(100,763)
Net cash used in operating activities	(35,510)	(180,171)
Investing activity:		
Promissory note receivable	(25,000)	-
Net cash used in investing activity	(25,000)	-
Financing activities:		
Repayment of loans from related parties	-	(14,995)
Repayment of promissory note	-	(31,062)
Issuance of common shares	-	761,000
Share issuance costs	-	(7,071)
Net cash provided by financing activities	-	707,872
(Decrease) increase in cash during the period	(60,510)	527,701
Cash – beginning of the period	572,810	50,228
Cash – end of the period	512,300	577,929
Supplemental information:		
Interest paid	-	650

YUNTONE CAPITAL CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2019 and 2018
(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 trading symbol for the Company is YTC.H. The head office and principal address of the Company is located at 410-1040 West Georgia Street, Vancouver, BC, V6E 4H1.

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.

As at September 30, 2019, the Company has a cumulative deficit of \$558,159. 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 condensed consolidated interim 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 condensed consolidated interim 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 consolidated interim 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 consolidated financial statements for the year ended December 31, 2018. 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 Interpretations Committee (“IFRIC”) and therefore should be read together with the audited annual consolidated financial statements for the year ended December 31, 2018.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2019 and 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of presentation (continued)

These condensed consolidated interim financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these condensed consolidated interim 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 consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 29, 2019.

b) Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its wholly-owned and controlled subsidiary, 1160015 B.C. Ltd.

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 condensed consolidated interim 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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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Critical accounting estimate, judgments and assumptions (continued)

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 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.

3. RELATED PARTY TRANSACTIONS

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.

4. SHARE CAPITAL

a) Authorized share capital

As at September 30, 2019, the authorized share capital of the Company was an unlimited number of common shares and preferred shares without par value.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. SHARE CAPITAL (continued)

b) Issued and outstanding share capital

As at September 30, 2019, the issued and outstanding share capital of the Company was 16,357,069 common shares.

Transaction during 2018

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.

c) Escrowed shares

The Company originally had 933,333 common shares held in escrow, 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. After the Company's listing was transferred to the NEX Board of TSX-V, the Company has 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. As at September 30, 2019, there were 466,666 (December 31, 2018 – 466,666) common shares remained in escrow.

d) 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, 2019, the Company had no stock options outstanding.

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5. 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 for 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.

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.