

## Yuntone Capital Corp. to Acquire GrowX Global Corp.

August 20, 2019 - Vancouver, British Columbia. **YUNTONE CAPITAL CORP. ("Yuntone") (TSX-V: YTC.H)** is pleased to announce that it has entered into an arm's length business combination agreement dated August 11, 2019 (the "**Definitive Agreement**") with GrowX Global Corp., a British Columbia Company incorporated on February 6, 2018 ("**GrowX**") and 1160015 B.C. Ltd. ("**Subco**"), a wholly owned subsidiary of Yuntone, whereby Yuntone will acquire all of the issued and outstanding shares of GrowX (the "**Transaction**"). Yuntone is currently listed on the NEX board of the TSX Venture Exchange (the "**TSXV**"). The Transaction will constitute Yuntone's Qualifying Transaction under the policies of the TSXV. Upon completion of the Transaction, it is expected that Yuntone will be a Tier 2 Life Sciences Issuer. There are no finder's fees payable in connection with the Transaction.

### About GrowX Global Corp.

GrowX is engaged in the production of industrial hemp and, under a joint venture with the licensed producer Agro-Greens Natural Products ("**Agro-Greens**"), GrowX is in the process of building an additional site on its one hundred percent (100%) owned Mission Property (the "**Mission Facility**") pursuant to the Cannabis Act.

In 2019, GrowX obtained an industrial hemp license, issued under the Industrial Hemp Regulations of the Cannabis Act, which permits GrowX to grow industrial hemp on 20 acres at its Mission Property. In 2019, GrowX has planted a total 18 acres of industrial hemp at its Mission Property and anticipates cultivation of the hemp in September 2019.

GrowX anticipates that construction of the Mission Facility will be completed in 2019, and the joint venture entity, which is 99% owned by GrowX, will obtain a license to cultivate in late 2019. The Mission Facility will initially consist of 6,700 sq. ft. and GrowX plans to build out phase 1 up to an additional 25,000 sq. ft. in 2020 and an additional 100,000 sq. ft. in 2021.

The insiders of GrowX are as follows:

<u>Name</u>	<u>Position</u>	<u>Number of GrowX Shares</u>
Jasvinder Basi	Director and CEO	9,250,000 <sup>(1)</sup>

(1) 4,000,000 held directly and 5,250,000 held indirectly through 1142527 B.C. Ltd.

The following sets forth a summary of the unaudited financial information of GrowX for the financial year ended March 31, 2018. Yuntone will include a summary of the financial information of GrowX for the financial year ended March 31, 2019 in its Filing Statement, which will be filed on [www.sedar.com](http://www.sedar.com).

## Terms and Conditions of Proposed Qualifying Transaction

On August 11, 2019, Yuntone entered into the Definitive Agreement with GrowX and Subco whereby Yuntone has agreed to acquire all of the issued and outstanding shares of GrowX. In consideration of which, Yuntone will issue to the shareholders of GrowX one (1) post-Consolidation common share of Yuntone for each share of GrowX so held. Yuntone anticipates that it will issue to the shareholders of GrowX a total of 59,583,121 post-Consolidation common shares of Yuntone. 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 Yuntone.

Yuntone has advanced a total of \$25,000 to GrowX on signing of the Definitive Agreement and, subject to TSX-Venture Exchange approval, Yuntone shall 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 from the date of advancement.

In conjunction with closing of the Transaction, Yuntone plans to 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 (the "**Consolidation**"). Further, Yuntone will also change its name to "GrowX Global Corp." and the common shares of the company will be listed on the TSX-V under a new trading symbol.

None of the Non-Arm's Length Parties to Yuntone have any direct or indirect interest in GrowX nor are they insiders of GrowX. There is no relationship between or among the Non-Arm's Length Parties of Yuntone and the Non-Arm's Length Parties of GrowX. Shareholder approval of the Transaction is not required.

Yuntone will be applying to the TSX - Venture Exchange for a waiver of sponsorship in connection with this Transaction.

## Interim Financing

Prior to closing the Transaction, Yuntone will complete a non-brokered private placement financing of 4,666,666 pre-Consolidation shares of Yuntone at a price of \$0.075 per pre-Consolidation share for total proceeds of \$350,000. The proceeds of the financing will be used for the costs of the transaction and to offset the loans advanced to GrowX.

## Transaction Financing

In conjunction with closing of the Transaction, GrowX plans to undertake 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 proceeds of the financing will be used to complete the build out of the Mission Facility and working capital purposes. The terms of this financing will be disclosed in a subsequent news release.

## Conditions to Closing the Transaction

The obligations of Yuntone and GrowX to complete the Transaction are subject to the satisfaction of customary conditions precedent including, but not limited to: (i) TSXV approval; (ii) the receipt of all necessary shareholder and board of director approvals; (iii) the absence of any material breach of the representations, warranties and covenants made by each party to the other; (iv) completion of the facility; and (v) other conditions which are customary for a transaction such as the Transaction.

## Proposed Directors and Officers of the Resulting Issuer

Under the terms of the Agreement, the board of directors of the Resulting Issuer will be comprised of five (5) persons. The executive officers and four (4) of the anticipated board members are set forth below.

### *Jas Basi, Proposed CEO and Director of the Resulting Issuer*

Mr. Basi had a distinguished 26-year career within the RCMP. During the latter part of his career, Jas became a Unit Commander and was responsible for over 350. Thereafter, Mr. Basi entered the private sector to focus on management, operational oversight, security design and ethical leadership. In particular, Mr. Basi was retained by the engineering firm Solaris, as a Manager of Operations and Business Development. At Solaris, Jas analyzed and developed budgets, set new standards for HR and established relationships with clients and the Government. Following his success at Solaris, Jas was recruited by ABS Electric, where he utilized his experience and contacts to increase company revenue seven fold.

### *Jamie Lewin, Proposed CFO of the Resulting Issuer*

Mr. Lewin is a CPA and has over 20 years' experience in accounting, financial analysis and planning, financial management and business administration. Mr. Lewin has served as Chief Financial Officer on a number of TSX Venture companies including Janda Group, Vanc Pharmaceuticals, Abenteuer Resources, and was Controller at Phoenix Copper. Mr. Lewin holds a Bachelor of Arts (Economics) from Western University, an LLB from Laval University and an MBA from City University.

### *John Paul Janze, Proposed Director of the Resulting Issuer*

Mr. Janze is a seasoned technology leader with more than 20 years experience in executive and senior management roles in the telecom and technology industries. He is respected for his leadership, tenacious and creative problem solving, patient and thoughtful insights and for identifying talent and building high performance teams. Specializing in corporate turnarounds, go-to-market strategy and creating operational scale, Jon Paul is counted on to deliver results and a positive bottom line. Jon Paul is currently CEO of Urban Communications Inc., a network service provider with a 200 km carrier grade fibre optic network in Metro Vancouver, and an advisor to high growth, early stage technology companies. Past positions include VP Product at Urban Communications Inc. where he played a key role in the company turnaround and go private transaction, Head of Product Marketing for Fusemail where he was responsible for global marketing and brand consolidation from multiple international

acquisitions, Director of Product Management at Sutus, Director Product Development Group at Adzilla New Media and Director of Marketing at Sporg Internet Corp. where he played a critical role growing the SaaS startup from 0 to over 2,000 customers. Jon Paul has an MBA in Digital Technology Management from Royal Roads University.

*Amandeep Singh, Proposed Director of the Resulting Issuer*

Mr. Singh obtained his Bachelor of Laws degree from Victoria, British Columbia in 1998 and was called to the Bar of British Columbia in 1999. Mr Singh is a member of the Law Society of British Columbia, Canadian Bar Association, a Governor of Kwantlen Polytechnic University, member and director of the Professor Mohan Singh Memorial Foundation of Canada, an executive member of the Yog Sadhana Mission, India and was a director of the People's Legal Education Society. Mr. Singh has experience with negotiating, drafting, writing, reviewing and executing a wide variety of agreements, both domestically and internationally, including joint ventures, strategic partnerships, mergers and acquisitions.

**About Yuntone Capital Corp.**

Yuntone Capital Corp. is a company incorporated under the laws of the Business Corporations Act(British Columbia). Yuntone Capital Corp. 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 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.

**For further information please contact:**

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## Forward Looking Statements

*Information set forth in this news release contains forward-looking statements. These statements reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. Yuntone cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond Yuntone's control. Such factors include, among other things: risks and uncertainties relating to Yuntone's ability to complete the proposed Transaction; and other risks and uncertainties, including those to be described in the Filing Statement to be filed by Yuntone on [www.sedar.com](http://www.sedar.com). Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward looking information. Except as required under applicable securities legislation, Yuntone undertakes no obligation to publicly update or revise forward-looking information.*

*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, disinterested Shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Yuntone should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.*

*A halt in trading shall remain in place until after the Transaction is completed or such time that acceptable documentation is filed with the TSX Venture Exchange.*

**NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.**