

YUNTONE CAPITAL CORP.
Management's Discussion and Analysis
For the year ended December 31, 2020

INTRODUCTION

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the year ended December 31, 2020 prepared as of April 30, 2021, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020 and the related notes thereto of Yuntone Capital Corp. ("the Company"). The MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of the Company.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRIC's") as issued by the International Accounting Standards Board ("IASB"). 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 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 a result, the company's shares are currently listed on the NEX board of the TSX Venture Exchange.

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.

SELECTED ANNUAL INFORMATION

	December 31, 2020 \$	December 31, 2019 \$	December 31, 2018 \$
Total assets	415,562	500,771	573,422
Working capital	386,299	477,293	567,036
Loss and comprehensive loss	(90,994)	(89,743)	(88,547)
Net loss per share⁽¹⁾	(0.01)	(0.01)	(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.

YUNTONE CAPITAL CORP.
Management's Discussion and Analysis
For the year ended December 31, 2020

RESULTS OF OPERATIONS

The Company recorded a net loss of \$90,994 (\$0.01 per share) for the year ended December 31, 2020, which was consistent as compared to a net loss of \$89,743 (\$0.01 per share) for the year ended December 31, 2019.

The Company incurred more consulting and professional fees in the current year as a result of increases in general corporate activities compared with the 2019 fiscal year, as the Company focused more effort on finding and completing a qualifying transaction. During the 2019 fiscal year, the Company wrote off \$24,999 of promissory note receivable.

The Company had no revenue, paid no dividends and had no long-term liabilities during the year ended December 31, 2020.

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			
	Dec 31, 2020 \$	Sep 30, 2020 \$	June 30, 2020 \$	March 31, 2020 \$
Total assets	415,562	452,608	475,645	486,689
Working capital	386,299	439,871	458,778	471,061
Net loss	(53,572)	(18,907)	(12,283)	(6,232)
Net loss per share ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)

	THREE MONTHS ENDED			
	Dec 31, 2019 \$	Sep 30, 2019 \$	Jun 30, 2019 \$	Mar 31, 2019 \$
Total assets	500,771	538,629	560,927	566,394
Working capital	477,293	530,374	548,511	557,576
Net loss	(53,081)	(18,137)	(9,065)	(9,460)
Net loss per share ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)

⁽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 loss in the quarter ended December 31, 2020 was higher compared to other recent periods, as the Company incurred higher consulting and professional fees in order to find and complete a qualifying transaction. Changes in total assets and working capital are a function of equity financings, less operating costs of the Company.

The net loss in the quarter ended December 31, 2019 was higher compared to other recent periods as a result of the write-off of promissory note receivable for \$24,999. Changes in total assets and working capital are a function of equity financings, less operating costs of the Company.

YUNTONE CAPITAL CORP.
Management's Discussion and Analysis
For the year ended December 31, 2020

FINANCING ACTIVITIES

There were no share capital activities for the years ended December 31, 2020 and 2019.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company had cash of \$412,725 and a working capital of \$386,299 (2019 - cash of \$498,077 and a working capital of \$477,293). During the year ended December 31, 2020, net cash used in operating activities was \$85,352.

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.

The Company incurred a net loss of \$90,994 for the year ended December 31, 2020. As at December 31, 2020, the Company has a cumulative deficit of \$702,234. 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. On March 11, 2020, various authorities declared a pandemic related to COVID 19 resulting in restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These restrictions are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. The pandemic could have a negative impact on the stock market, including trading prices of the Company's shares and its ability to complete a Qualifying Transaction and raise new capital. The Company believes that these potential delays are temporary and it expects to resume its pursuits as restrictions are alleviated. The duration and effects of the restrictions are not currently determinable and no provision has been made in the consolidated financial statements for any effects that the Company may experience if the restrictions are other than temporary.

Although the Company's consolidated 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. The Company's consolidated 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.

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.

TERMINATED QUALIFYING TRANSACTION

On August 11, 2019, the Company entered into an arm's length business combination agreement with GrowX and 1160015 B.C. Ltd. ("Subco"), a wholly owned subsidiary of the Company, whereby the Company would acquire all of the issued and outstanding shares of GrowX (the "Transaction"). The Transaction was to proceed by a three-cornered amalgamation by the parties, whereby GrowX and Subco would 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.

YUNTONE CAPITAL CORP.
Management's Discussion and Analysis
For the year ended December 31, 2020

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 was due and payable on August 28, 2020. The promissory note is now past due.

On April 1, 2020 the Company announced that it had terminated its previously announced proposed qualifying transaction as GrowX failed to satisfy custom closing conditions.

PROPOSED QUALIFYING TRANSACTION

On October 23, 2020, the Company entered into an amalgamation agreement (the "Definitive Agreement") with Mantaro Silver Corp. ("Mantaro"), a private British Columbian company, whereby the Company will acquire all of the issued and outstanding shares of Mantaro (the "Transaction"). Mantaro holds a 100% interest in five silver-focused Peruvian mineral properties, consisting of its flagship, Santos Gloria Silver and the San Jose Silver Properties as well as the La Purisima, Cerro Luque and Huaranay Properties (the "Silver Properties"). The Company intends the Transaction to constitute a Qualifying Transaction under the TSX-V Policy 2.4. Upon successful completion of the Transaction, the Company will be a Tier 2 mining issuer.

The Transaction

Under the terms of the Definitive Agreement, the Company has agreed to acquire all of the issued and outstanding shares of Mantaro, in consideration of which, the Company will issue to the shareholders of Mantaro one post-Consolidation share of the Company for every share held of Mantaro. All outstanding convertible securities of Mantaro, including share purchase warrants and stock options, will be exchanged or replaced with convertible securities of the Company based on a one-to-one basis and on the same economic terms and conditions as previously issued. Upon completion of the Transaction, Mantaro will become a wholly-owned subsidiary of the Company.

The Company will complete a share consolidation on the basis of two pre-consolidation common share of the Company for every 1 post-consolidation common share of the Company (the "Consolidation"). The Company also plans to change its name to "Mantaro Silver Corp." and list the common shares under a new stock symbol. Mantaro currently has 25,239,000 common shares issued and outstanding and 5,907,000 share purchase warrants exercisable at \$0.35 per share for a period of one year from the date of issue. Upon closing of the Transaction and the Offering, the Company anticipates it will have 47,703,249 common shares issued and outstanding and 13,049,857 share purchase warrants issued and outstanding.

The Transaction is subject to TSX Venture Exchange approval, shareholder approval of Mantaro, completion of the Offering and other customer conditions for the Transaction.

Private Placement Financing

Mantaro will carry out a private placement financing of 14,285,714 subscription receipts (the "Subscription Receipts") at a price of \$0.35 per Subscription Receipt for gross proceeds of \$5,000,000 (the "Offering"). Each Subscription Receipt, prior to the closing of the Transaction, will automatically convert into one common share of Mantaro and one-half of one share purchase warrant of Mantaro (each a "Mantaro Warrant"), with each whole Mantaro Warrant exercisable into one common share of Mantaro at an exercise price of \$0.55 per share for a period of one year, for no additional consideration upon the satisfaction of certain escrow release conditions.

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, 2020. 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

YUNTONE CAPITAL CORP.
Management's Discussion and Analysis
For the year ended December 31, 2020

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

- Variables used in determining expected credit losses;

Critical accounting judgments

- Recognition of deferred tax assets and liabilities
- Going concern
- Impairment assessment of promissory note receivable

FINANCIAL INSTRUMENTS AND RISK

Classification and Fair Value of Financial Instruments

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).

The Company's financial instruments include cash, promissory note receivable and accounts payable and accrued liabilities. Financial instruments are classified into one of the following categories: FVTPL, FVTOC, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2020	December 31, 2019
		\$	\$
Cash	FVTPL	412,725	498,077
Promissory note receivable	Amortized cost	1	1
Accounts payable and accrued liabilities	Amortized cost	29,263	23,478

Cash is carried at fair value using a level 1 fair value measurement. The carrying values of promissory note receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods of maturity of these instruments.

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 cash and promissory note receivable. The Company limits exposure to credit risk by maintaining its cash with financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and promissory note receivable.

YUNTONE CAPITAL CORP.
Management's Discussion and Analysis
For the year ended December 31, 2020

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, 2020, the Company had current liabilities of \$29,263 and cash balance of \$412,725. 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

As at December 31, 2020, the Company does not have any interest-bearing liabilities. 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.

OFF-BALANCE SHEET ARRANGEMENTS

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

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. 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 financial statements for the year ended December 31, 2020 and this accompanying MD&A (together, the "Annual Filings").

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 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.