



## HATCH INTERACTIVE TECHNOLOGIES CORP.

### MANAGEMENT DISCUSSION AND ANALYSIS

NINE MONTH PERIOD ENDING OCTOBER 31, 2015

The following management discussion and analysis (“MD&A”) of the financial position and results of operations for Hatch Interactive Technologies Corp. (the “Company” or “Hatch”) should be read in conjunction with the unaudited condensed consolidated stub period financial statements and the notes thereto for the nine months ended October 31, 2015. Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars.

#### **Forward-Looking Statements**

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The Company’s actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, the Company undertakes no obligation to release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements with respect to future price levels, success of technology development, success of marketing and product adoption, development time lines, currency fluctuations, requirements for additional capital, unanticipated expenses, trademark or patent disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future price levels; accidents, labor disputes and other risks of the technology industry; delays in obtaining approvals or financing.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.



## 1.1 Date of Report: February 10, 2016

## 1.2 Overall Performance

Hatch Interactive Technologies Corp. (formerly Tosca Resources Corp), the “Company” is a publicly listed company incorporated in Canada under the *British Columbia Corporations Act* on May 12, 2006. The Company was previously listed on the Canadian Securities Exchange under the trading symbol “TSQ” while engaged principally in the acquisition and exploration of resource properties.

On August 30, 2015, Tosca Resources Corp. (“Tosca”) completed a Share Exchange Agreement (Note 10) with Hatchitech Technologies Corp. (“Hatchitech”), a private company incorporated on February 21, 2011 under the laws of British Columbia, Canada. On September 4, 2015, the Company began trading on the Canadian Securities Exchange under the trading symbol “HAT”. The transaction was accounted for as an acquisition of Tosca by Hatchitech, resulting in a reverse take-over (“RTO”). Immediately following the RTO, Tosca changed its name to Hatch Interactive Technologies Corp. For the purposes of these consolidated financial statements, the “Company” is defined as the consolidated entity.

The Company’s primary business is the development and monetization of the online and mobile applications and develops and invests into early stage companies focused on leveraging and developing social media platforms that aggregate large numbers of mobile users.

The address of the Company’s head office and principal place of business is 505 – 68 Water Street, Vancouver, B.C. Canada V6B 1A4 and the registered and records office is located at suite 1710, 1177 West Hastings St., Vancouver, British Columbia, Canada, V6E 2L3. The Company maintains a website at <http://www.hatchitech.com>.

As a result of the reverse takeover during the year, the directors of the Company changed the Company’s year end from November 30 to January 31 in order to align its year end with that of Hatchitech Technologies Corp., the acquired company’s operations. Based on the change of year end from November 30 to January 31, the Company will have a transition year of fourteen months from December 1, 2014 to January 31, 2016. Pursuant to section 4.8(3) of National Instrument NI 51-102, the Company filed a notice of Change in Year End on [www.Sedar.com](http://www.Sedar.com) on December 30, 2015.

The Company also changed its Auditors during the month of December, 2015 and has filed, pursuant to NI 51-102 a notice of Change of auditor package on [www.Sedar.com](http://www.Sedar.com)

The Company’s ability to continue as a going concern, to fund its technology developments and acquisitions and to ensure adequate working capital is dependent upon achieving profitable operations or upon obtaining sufficient additional financing. These factors may cast significant doubt on the Company’s ability to continue as a going concern. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

### ***Principle Products***

#### **SportCourt**

SportCourt (in development) is the first vertical of the FightCourt family of apps. SportCourt is a sports-focused mobile social network that engages users around debate creation, crowdsourced opinions and user-generated content, and is the only social network that can definitively settle debates through gamification. Users will also have the ability to gamble virtual currencies on arguments, referred to as e-fights™.

SportCourt intends to partner with sports teams, television networks, and popular online sports blogs to bring a unique argument engine platform to their fan bases and increase engagement. All e-fights™ that appear on these various platforms will also be presented in the SportCourt app allowing for more voters and a broader audience.



Additionally, it will allow these affiliates to advertise on the SportCourt app by showing where the fight originated, thus driving traffic to their sites.

### **FightCourt**

FightCourt (in development) is a social media platform that offers an online arena for those that want to “fight it out” online in a social, fun and productive manner. The goal of FightCourt is to become the social networking destination for online disputes and obtain an extensive and valuable membership database of opinion profiles.

FightCourt’s core value proposition is the Argument Engine™, a complex algorithm that takes into account several hundreds of key indicators. From this algorithm, FightCourt is able to generate a clear winner within the community and provide its members with a stimulating, fun and satisfying experience.

### **RTO Transaction**

On August 30, 2015, Tosca Resources Corp. (“Tosca”) completed a Share Exchange Agreement (Note 10) with Hatchitech Technologies Corp. (“Hatchitech”), a private company incorporated on February 21, 2011 under the laws of British Columbia, Canada. On September 4, 2015, the Company began trading on the Canadian Securities Exchange under the trading symbol “HAT”. The transaction was accounted for as an acquisition of Tosca by Hatchitech, resulting in a reverse take-over (“RTO”). Immediately following the RTO, Tosca changed its name to Hatch Interactive Technologies Corp. For the purposes of these consolidated financial statements, the “Company” is defined as the consolidated entity.

## **1.3 Results of Operations for the 3 and 9 month periods ended October 31, 2015**

### **Revenue:**

The Company is in the development stage and does not generate any revenues. To date the Company has not earned any significant revenues.

### **Expenses:**

Total General and Administrative expenses for the three months ended October 31, 2015 was \$1,178,763 and \$1,325,599 for the nine months ended October 31, 2015.

There are no trends, commitments, events or uncertainties presently known to management that are reasonably expected to have a material effect on the Company’s business, financial condition or results of operation other than uncertainty as to the speculative nature of the business, the uncertainty of social media and marketing trends, and the uncertainty of fundraising activities.

## **1.5 Summary of Quarterly Results**

This financial data has been prepared in accordance with IFRS accounting principles and all figures are stated in Canadian dollars. The Company’s quarterly results are summarized as follows:

<b>Three months ended</b>	<b>Total revenues</b>	<b>Net loss (\$)</b>	<b>Loss Per Share (basic and diluted)</b>
October 31, 2015 *	Nil	162,144	\$ 0.03
July 31, 2015	Nil	101,301	0.002
April 30, 2015	Nil	45,535	0.001
January 31, 2015	Nil	102,165	0.003



October 31, 2014	Nil	50,011	0.006
July 31, 2014	Nil	12,523	0.002
April 30, 2014	Nil	34,935	0.004
January 31, 2014	Nil	21,985	0.006

---

\* Does not include extra-ordinary share based compensation entry of \$1,016,619

## 1.6 Liquidity

At October 31, 2015, the Company had working capital of \$(221,315) compared to working capital of \$(73,063) as at January 31, 2015. Accounts payable and accrued liabilities at October 31, 2015 were \$244,367, (January 31, 2015 - \$73,262).

In management's view, given the nature of the Company's operations, which consist of the development and acquisition of social media applications, the most relevant financial information relates primarily to current liquidity, solvency and planned development expenditures. The Company's financial success will be dependent upon the extent to which it can complete development of its current core products and the user absorption the products receive. Such development may take longer than expected and the amount of resulting income, if any, is difficult to determine. The value of the core products is largely dependent upon factors beyond the Company's control, including social media trends and marketing trends.

The Company has financed its operations to date primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

## 1.7 Capital Resources

At October 31, 2015 the capital of the Company consists of cash in the bank and GST recoverable totaling \$23,052. The Company will have to generate additional cash from equity raised through the Canadian public markets to meet its commitments.

## 1.8 Off Balance Sheet Arrangements

At October 31, 2015, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

## 1.9 Transactions with Related Parties

The Company has incurred charges during the period from directors and senior management, or companies controlled by them, for management fees and consulting fees in the amount of \$60,300 (2014 - \$20,000). Amounts due to related parties are interest free and unsecured, and are payable on demand.

As at October 31, 2015, \$Nil (January 31, 2015: \$33,268) was due to a company controlled by a director.



Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### **1.10 Third Quarter**

The third quarter's focus was to continue development of the Company's application projects.

The Company's expenses during the period ended October 31, 2015 rose \$60,843 compared to those of the period ended July 31, 2015. Most significantly, Accounting and Audit fees rose \$14,805 in connection with matters connected to the RTO transaction completed on August 30, 2015, new exchange-related fees contributed \$2,455 (previously NIL) in expenses, and Consulting rose \$14,400 to \$73,700 with the addition of personnel to the Company's team. On August 30, 2015 the Company charged \$1,016,619 to Share based compensation in connection with the RTO transaction.

### **1.11 Proposed Transactions**

There are no proposed transactions that will materially affect the performance of the Company.

### **1.12 Critical Accounting Estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **1.13 Adoption of New Accounting Policies**

The following standards, amendments, and interpretations have been adopted by the Company as of October 31, 2015. There was no impact on the financial statements as a result of the adoption of these standards, amendments and interpretations:

#### ***New standards adopted during the year***

##### ***IAS 32 Financial Instruments: Presentation ("IAS 32")***

In December 2011, the IASB amended IAS 32 to clarify the requirements which permit offsetting a financial asset and liability in the financial statement.

##### ***IAS 36 Impairment of Assets ("IAS 36")***

In May 2013, the IASB amended IAS 36 to clarify the requirement to disclose information about the recoverable amount of assets for which an impairment loss has been recognized or reversed.

#### ***New standards not yet adopted***

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") but are not yet effective (as at Feb 28, 2015) and, accordingly, have not been applied in preparing these financial statements. The Company has not yet assessed the potential impact of these standards on its financial reporting.

##### ***IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9") effective January 1, 2015***

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in



IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income.

### 1.14 Financial Instruments and Other Risks

As at October 31, 2015, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and loans due to affiliates. The carrying value of these financial instruments approximate their fair values.

#### Fair Value

The Company classifies its fair value measurements in accordance with an established hierarchy that priorities the inputs in valuation techniques used to measure fair value as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly, and
- Level 3 Inputs that are not based on observable market data

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	10,467	-	-	10,467
Accounts receivable	-	12,585	-	12,585
Accounts payable and accrued liabilities	-	244,367	-	244,367
Due to affiliates	-	-	-	-

#### Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. Cash deposits and term deposits are maintained with a financial institution of reputable credit and are redeemable on demand. Amounts receivable consists primarily of revenue receivable from Google AdSense. The Company's opinion is that credit risk is minimal.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At October 31, 2015, the Company had cash and cash equivalents of \$10,467 to settle accounts payable and accrued liabilities of \$244,367. Readers' attention is drawn to Note 1 of the financial statements regarding going concern issue of the Company.



### *Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, marketing prices and/or stock market movements (price risk).

### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. Other current financial assets and liabilities are not exposed to interest rate risk because of their short term nature or being non interest bearing.

### *Foreign currency risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has engaged consultants in other countries outside of Canada in prior years and may continue to do so in the future. Management believes that the foreign exchange risk derived from currency conversions for consultants engaged in other countries outside of Canada is not significant and therefore does not hedge its foreign exchange risk.

### *Price risk*

The Company is exposed to price risk with respect to marketing trends. Marketing price risk is the potential adverse impact on earnings and economic value due to marketing price movements and volatilities. The Company closely monitors marketing prices as it relates to social media to determine the appropriate course of action to be taken by the Company.

## **Other Risks**

### *Hatch's limited operating history*

Hatch has no operating history, and no history of earnings or profits. It currently has no customers or means of cash flow from operations. As such, Hatch's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As Hatch is in an early stage and is only introducing its service to the public, it is very difficult to evaluate the viability of Hatch's business. Hatch has no experience in addressing the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as Hatch's target markets. There can be no assurance that Hatch will be successful in addressing these risks and the failure to do so in any one area could have a material adverse effect on Hatch's business, prospects, financial condition and results of operations. There is no assurance that Hatch' business will be a success.

### *Need for funds*

In the short term, the continued operation of the Issuer will be dependent upon its ability to procure additional financing. The Issuer must obtain such financing through a combination of equity and debt financing and there can be no assurance that the Issuer can raise the required capital it needs to build and expand Hatch's business. Without this additional financing, the Issuer may be unable to advance Hatch' business model, and Hatch will likely fail. There can be no certainty that the Issuer can obtain these funds, in which case any investment in the Issuer may be lost.

The raising of equity funding will also result in dilution of the equity position held by the Issuer's shareholders.



### *Operational Risks*

Hatch will be affected by a number of operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, Hatch's premises, personal injury or death, environmental damage, resulting in adverse impacts on Hatch's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. Also, Hatch may be subject to or affected by liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on Hatch's future cash flows, earnings, results of operations and financial condition.

### *Unforeseen Competition*

There can be no assurance that significant competition will not enter the market and offer any number of similar services to those provided by Hatch. Such competition could have a significant adverse effect on the growth potential of Hatch's business by effectively dividing the existing market for such products and services.

### *Trends*

Hatch's success depends on the continuation of social media popularity and the ability of Hatch products to add new users, sell advertisement and generate revenue. Future revenues will be largely dependent on the Company's ability to generate revenue from third parties advertising on Hatch products. Changes in social media trends which affect user adoption and marketing habits may significantly affect Hatch's ability to collect revenue in the future. If third party marketers decide that Hatch products are experimental or unproven, or if third party policies limit our ability to deliver or target advertising on mobile devices, or if adverse legal developments arise relating to advertising, including legislative and regulatory developments and developments in litigation, or if our products are unable to sustain or increase the value of our ads or marketers' ability to analyze and measure the value of our ads, or if trends for advertising on mobile devices or on personal computers changes, our advertising revenue could be adversely affected.

### *Dependence on Personnel*

Hatch's future success depends substantially on the continued services of its executive officers and its key development personnel. If one or more of its executive officers or key development personnel were unable to unwilling to continue in their present positions, Hatch might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, Hatch may lose know-how, key professionals and staff members.

### *Management of Growth*

Hatch may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. Hatch's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

### *Data Security Risks*

Hatch will utilize servers with significant amounts of data stored thereon. Should Hatch be responsible for the loss of any or all of the data stored by it, the liability could materially undermine the financial stability of the Company. Also, much of the data stored at Hatch' premises or within the aforementioned servers will be confidential. Anyone who is able to circumvent Hatch's security measures could misappropriate proprietary information or cause interruptions in its operations.





### *Trading of the Issuer's Shares*

There can be no assurance that the trading price of the Issuer's shares will go up. Further, there can be no assurance that there will be sufficient liquidity so as to permit investors to buy or sell the Issuer's shares at any time, in quantities desired, or which not adversely affect the stock price. As noted above, Hatch's continued operation will be dependent upon its ability to procure additional financing. There can be no assurance that any such financing will be obtained at higher or ever increasing prices, or that such financings will not put downward pressure on the Issuer's share price.

### *Dividends*

The Issuer has not paid dividends to shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Issuer expects to retain its earnings to finance growth, and where appropriate, to pay down debt.

### *Officer and Director Conflicts*

Because directors and officers of the Issuer and/or Hatch are or may become directors or officers of other reporting companies or have significant shareholdings in other technology companies, the directors and officers of the Issuer may have a conflict of interest in conducting their duties. There can be no assurance such conflicts of interests will be resolved to the benefit of the Issuer.

## **1.15 Other MD&A Requirements**

This MD&A was prepared on February 10, 2016. This MD&A should be read in conjunction with the unaudited financial statements for the 9 month period ended October 31, 2015. This MD&A is intended to assist the reader's understanding of Hatch Interactive Technologies Corp. and its operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at [www.sedar.com](http://www.sedar.com).

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. Hatch's Board of Directors follows recommended corporate governance guidelines to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee is free to meet with the independent auditors throughout the year.

### **Summary of Outstanding Share Data as at February 10, 2016**

	<b>Number Issued and Outstanding</b>
<b>Common shares</b>	47,011,157
<b>Stock Options</b>	4,555,500
<b>Warrants*</b>	5,070,062
<b>Fully Diluted</b>	56,636,719

\*A total of 3,191,000 share purchase warrants expired subsequent to the 9 month period ended October 31, 2015



### **1.16 Subsequent Events**

There are no subsequent events.

### **OTHER INFORMATION**

#### **Approval**

The Board of Directors of Hatch Interactive Technologies Corp. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.