



## **ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR**

**THE PERIOD ENDED MARCH 31, 2014**

## INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) of Orca Touchscreen Technologies Ltd. (the “Company” or “Orca”) has been prepared by management in accordance with the requirements of National Instrument 51-102 as of May 30, 2014. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the period ended March 31, 2014 and the audited financial statements as at December 31, 2013 and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

## FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to our company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of our exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

## COMPANY OVERVIEW

### Background

Orca Touchscreen Technologies Ltd. was incorporated under the Business Corporations Act (British Columbia) on December 31, 2013. The head office of the Company is 700 – 510 West Hastings Street, Vancouver, British Columbia, V6B 1L8.

### Significant events

#### Plan of Arrangement

The parties have agreed to reorganize their business by way of a plan of arrangement to be carried out under the provisions of the Business Corporations Act (British Columbia). As a part of the Arrangement Agreement, the following transactions took place:

- i. Orca Mobile acquired all the 10,000 issued and outstanding Orca Touchscreen common shares from Gorilla (the “Purchase Shares”) for \$10,000;
- ii. Orca Mobile and Orca Touchscreen exchanged securities on 1:1 basis, such that 8,010,000 common shares of Orca Mobile were exchanged by their holders for 8,010,000 common shares of Orca Touchscreen;
- iii. Gorilla and Orca Touchscreen exchanged securities on a 1:1,000 basis, such that Gorilla issued 4 Gorilla common shares to Orca Touchscreen and Orca Touchscreen issued 4,000 Orca Touchscreen common shares to Gorilla (collectively, the “Exchange Shares”); and
- iv. The Purchase Shares and the Exchange Shares were then cancelled.

Following closing of the Arrangement, the Company became a reporting issuer in Alberta and British Columbia.

Since this transaction resulted in the shareholders of Orca Mobile owning a majority of the issued and outstanding shares of the Company, this transaction will be accounted for as a reverse acquisition.

The above transaction was approved and completed on March 6, 2014.

### Financings

During the three months ended March 31, the Company:

- a) Completed a private placement whereby the Company issued 5,700,000 common shares at a price of \$0.02 per common share for gross proceeds of \$114,000;
- b) Completed a private placement whereby the Company issued 10,000 common shares at a price of \$0.10 per common share for gross proceeds of \$1,000; and
- c) Pursuant to the Arrangement, the Company issued 2,300,000 common shares with a value of \$0.005 common share for a total value of \$11,500.

### Acquisition

Subsequent to March 31, 2014, the Company entered in to an agreement dated May 12, 2014 with Sollensys Corporation ("Sollensys"), a company based out of South Korea. The Company will acquire the following:

- i. Sollensys' touchscreen sensor patent for \$50,000; and
- ii. A patent and technology license agreement with Sollensys whereby the Company will acquire a 6 year worldwide license to use all of Sollensys' technology and patents. In consideration for this, the Company has agreed to pay a 10% royalty on gross revenues from the patents and 80% of the net revenues received by the Company from the sale of Sollensys products sold by the Company.

Royalty payments are due on the last day of December each year during the term and must provide a guaranteed advance royalty of \$4,000 per month on the first day of each month beginning July 1, 2014.

Sollensys is a related party to the Company as its principal shareholder, senior officer, and director is Gwanje (Frank) Woo, who is CEO, President, and director of the Company.

## **RESULTS OF OPERATIONS**

For the period ended December 31, 2013, the Company incurred losses of \$1,700, which resulted from the accounting and audit of the Company's financial statements.

### Summary of Quarterly Results

Results for the most recent completed financial quarter are summarized in the table below:

**Table 3. Summary of quarterly results**

	<b>2014 Q1</b>	<b>For the period from inception on December 31, 2014 to December 31, 2014</b>
Net Loss	\$ 37,656	\$ 1,700
Loss per Share	\$ 0.01	\$ 0.17
Total Assets	\$ 91,321	\$ 1
Working Capital (Deficit)	\$ 87,144	\$ 1,699

### Liquidity and Capital Resources

As at March 31, 2014, the assets of the Company were represented by \$90,820 cash held on hand (December 31, 2013 - \$1).

The Company has to rely upon the sale of equity securities, primarily through private placements for cash, for exploration and acquisitions of mineral claims, and general operating activities. All completed private placement arrangements are described in the *Significant Events* section above.

The Company had accrued liabilities of \$4,177 related to the accounting and audit of the financial statements and accrued management and consulting fees.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is sufficient to meet its expected ongoing obligations for the coming year.

#### Transactions with Related Parties

The financial statements include the financial statements of Orca Touchscreen Technologies Ltd. and its 100% owned subsidiary Orca Mobile Solutions Ltd. a company incorporated in British Columbia.

Key management personnel comprise of the Chief Executive Office, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

- Paid or accrued management and consulting fees of \$4,750.

The amount of \$1,250 is due to related parties. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

#### Outstanding Share Data

As of date the of this MD&A, the Company had 8,110,000 common shares outstanding.

#### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### **SIGNIFICANT ACCOUNTING POLICIES**

All significant accounting policies adopted by the Company have been described in the notes to the audited financial statements for the period ended December 31, 2013.

### **RISKS AND UNCERTAINTIES**

The Company's future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional costs, including the Company's ability to (i) create brand recognition for the Products; (ii) determine appropriate advertising strategies, messages and media; and (iii) maintain acceptable operating margins on such costs. There can be no assurance that advertising and promotional costs will result in revenues for the Company's business in the future, or will generate awareness of the Company's technologies or services. In addition, no assurance can be given that the Company will be able to manage the Company's advertising and promotional costs on a cost-effective basis.

#### Uninsured or Uninsurable Risk

Orca Touchscreen may become subject to liability for risks against which Orca Touchscreen cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which Orca Touchscreen does not carry insurance may have a material adverse effect on the Company's financial position and operations.

#### Conflicts of Interest Risk

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures in the technology industry through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the Products Orca Touchscreen intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their

duties to Orca Touchscreen. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable Company's able to us.

#### Key Personnel Risk

The Company's success will depend on its directors and officers to develop the Company's business and manage its operations, and on the Company's ability to attract and retain key technical, sales and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that Orca Touchscreen will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

#### Speculative Nature of Investment Risk

An investment in the Company's common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. Orca Touchscreen has no history of earnings, limited cash reserves, a limited operating history, have not paid dividends, and are unlikely to pay dividends in the immediate or near future. Orca Touchscreen is in the development and planning phases of its business and has not started commercialization of the Company's products and services. The Company's operations are not yet sufficiently established such that Orca Touchscreen can mitigate the risks associated with its planned activities.

#### No Established Market for Shares Risk

There is currently no established trading market through which common shares in the Company's authorized capital may be sold. Even if a trading market develops, there can be no assurance that such market will continue in the future. As a result, investors in the Company may lose their entire investment.

#### Liquidity and Future Financing Risk

Orca Touchscreen is in the development stage, has not started operating and has not generated any revenue. Orca Touchscreen will likely operate at a loss until the Company's business becomes established and Orca Touchscreen may require additional financing to fund future operations and expansion plans. Orca Touchscreen needs to raise at least \$204,250 further funds to carry out the Company's business plan, but Orca Touchscreen do not yet have a commitment from anyone to invest the funds. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that Orca Touchscreen will be successful in the Company's efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing common shares in the Company's authorized capital, control of the Company's company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, Orca Touchscreen may be required to scale back its business plan or cease operating.

#### Going-Concern Risk

Orca Touchscreen's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that Orca Touchscreen will be successful in completing an equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should Orca Touchscreen be unable to continue as a going concern.

#### Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Orca Touchscreen will be dependent upon the capital markets to raise additional financing in the future, while Orca Touchscreen establish a user base for the Products. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, Orca Touchscreen is subject to liquidity risks in meeting the Company's development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's common shares on the Canadian Securities Exchange (the "Exchange").

### Dividend Risk

Orca Touchscreen has not paid dividends in the past and does not anticipate paying dividends in the near future. Orca Touchscreen expect to retain the Company's earnings to finance further growth and, when appropriate, retire debt.

### Share Price Volatility Risk

It is anticipated that the Company's common shares will be listed for trading on the Exchange. As such, external factors outside of the Company's control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward technology sector stocks may have a significant impact on the market price of the Company's common shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the technology sector. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

### Increased Costs of Being a Publicly Traded Company

As a company with publicly-traded securities, Orca Touchscreen will incur significant legal, accounting and filing fees not presently incurred. Securities legislation and the rules and policies of the Exchange require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which will significantly increase the Company's legal and financial compliance costs.

### **Financial Instruments**

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

### **Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2014, the Company had a cash balance of \$90,820 to settle current liabilities of \$4,177.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the exercise of outstanding warrants and the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and short-term investments. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of GST receivable from the Government of Canada. The Company has been successful in recovering input tax credits and believes credit risk with respect to receivables to be insignificant.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and restricted cash. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at March 31, 2014, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

The majority of the Company's planned business is conducted in South Korea in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the US dollar. Fluctuations in the exchange rate among the Canadian dollar and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results.

c) Price risk

The markets for touchscreens are fragmented, highly competitive and rapidly changing. With the introduction of technological advances and new entrants into these markets at a rapid pace, we expect competition to intensify in the future, which could harm our ability to develop a customer base for the Products and begin generating revenue.

### **CAPITAL MANAGEMENT**

The Company considers capital to be the elements of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

### **CONTINGENCIES**

There are no contingent liabilities.