

EARLY WARNING REPORT

This report is made as required by Part 5 of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*, and pursuant to Part 3 of National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*.

1. Name and address of the offeror:

Walter Zmug, Reisberg 22, 9431 St. Stefan, Austria

(the “**offeror**”)

2. Designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:

On September 25, 2015, as one of the investors in a private placement of units, the offeror acquired ownership and control of 2,910,945 common shares and warrants exercisable to purchase 1,455,472 common shares of Orca Touchscreen Technologies Ltd. (the (the “**Issuer**”), representing approximately 5.4% of the 49,530,709 common shares then issued and outstanding.

Before September 25, 2015, the offeror beneficially owned and controlled 3,089,006 common shares and warrants exercisable to purchase 1,094,504 common shares of the Issuer, representing approximately 6.7% of the 45,804,105 common shares of the Issuer issued and outstanding (and approximately 8.8% on a fully-diluted basis).

3. Designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:

After September 25, 2015, the offeror beneficially owns and controls 5,999,951 common shares and warrants exercisable to purchase 2,549,977 common shares of the Issuer, representing approximately 12.1% of the 49,530,709 common shares of the Issuer issued and outstanding (and approximately 16.0% on a fully-diluted basis).

4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which

(i) the offeror, either alone or together with any joint actors, has ownership and control:

5,999,951 common shares (each a “**Share**”) and warrants (each, a “**Warrant**”) exercisable to purchase 2,549,977 Shares.

- (ii) **the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor:**

Not applicable.

- (iii) **the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:**

Not applicable.

- 5. Name of the market in which the transaction or occurrence that gave rise to the news release took place:**

The transaction did not take place in a market. The transaction took place privately pursuant to the terms of a subscription agreement. See Item 8(a) for details.

- 6. The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.**

The offeror acquired units at a purchase price of \$0.30 each for total consideration of \$873,283.41 (paid as to \$282,689.01 on April 1, 2015 and \$590,594.40 on August 21, 2015). Each unit consists of 1 common share and ½ warrant, where each whole warrant is exercisable to purchase 1 additional common share at an exercise price of \$0.50 per share until September 25, 2020.

- 7. Purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

The offeror acquired the Shares for investment purposes.

- 8. General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:**

(a) By a share subscription agreement dated August 14, 2015 and accepted September 25, 2015, the offeror agreed to acquire 942,297 units of the Issuer at a price of \$0.30 each for total consideration of \$282,689.01 cash paid April 1, 2015. Each unit consists of 1 common share and ½ warrant, where each whole warrant is exercisable to purchase 1 additional common share at an exercise price of \$0.50 per share until September 25, 2020. The common shares and the warrants comprising the units are subject to a hold period of 6 months and 1 day which expires on March 26, 2016.

(b) By a share subscription agreement dated August 18, 2015 and accepted September 25, 2015, the offeror agreed to acquire 1,968,648 units of the Issuer at a price of \$0.30 each for total consideration of \$590,594.40 paid August 21,

2015. The units are comprised of common shares and warrants which are subject to a hold period as set out in 8(a) above.

9. Names of any joint actors in connection with the disclosure required by this report:

There are no joint actors in connection with the transaction.

10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offeror:

See Item 6.

11. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities:

Not applicable.

12. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance:

NI 45-106, section 2.9 for a distribution by way of Offering Memorandum dated August 10, 2015 provided to and reviewed by the offeror.

DATED as at September 25, 2015.

/s/ "Walter Zmug"

Walter Zmug

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