

This offering memorandum constitutes an offering of the securities described herein only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and is not, and under no circumstances is to be construed as, a prospectus, advertisement or public offering of such securities. No securities commission or similar regulatory authority in Canada has in any way passed upon the merits of the securities offered hereunder nor has it reviewed this offering memorandum and any representation to the contrary is an offence. No person is authorized to give any information or make any representation not contained in this offering memorandum in connection with the offering of the securities described herein and, if given or made, any such information or representation may not be relied upon.



## Offering Memorandum dated December 18, 2015

### ORCA TOUCHSCREEN TECHNOLOGIES LTD. (the "Corporation")

Head Office: 1500 – 701 West Georgia Street, Vancouver, BC V7Y 1C6 CANADA;  
Attention: Chief Financial Officer; Email: [cfo@orcataouchtech.com](mailto:cfo@orcataouchtech.com)  
Telephone: 604.801.8504 Fax: 604.801.5911

Currently listed or quoted? Yes, the Common Shares are listed for trading on the Canadian Securities Exchange, the Frankfurt Stock Exchange, and the OTCQB marketplace (part of OTC Markets Group).

Reporting issuer? Yes, in the Provinces of Alberta, British Columbia and Ontario.

SEDAR filer? Yes.

ISIN Number CA68558T1093

#### The Offering

**Securities Offered:** 5,000,000 units (each, a "Unit"), each Unit consisting of one Common Share and one half of one warrant, with each whole warrant (each, a "Warrant") exercisable to purchase one additional Common Share (each, a "Warrant Share") at an exercise price of \$0.40 for a period of 5 years from the issuance date of such Warrant (altogether, the "Offering").

**Price per Unit:** \$0.30

**Minimum Offering:** **There is no minimum. You may be the only purchaser. Funds available under this offering may not be sufficient to accomplish the Corporation's proposed objectives.**

**Maximum Offering:** \$1,500,000

**Minimum Subscription:** There is no minimum subscription amount an investor must invest.

**Payment Terms:** Delivery to the Corporation of all of the following:  
(a) payment by wire transfer, certified cheque, money order or bank draft;  
(b) signed pages 1 and 2 of the Subscription Agreement

**Proposed Closing Date:** **Friday, January 27, 2016** or such other date as the Board may determine.

**Selling Agent:** Yes. See Item 7 *Compensation Paid to Sellers and Finders*.

#### Resale Restrictions

Unless permitted under securities legislation, you cannot trade the offered securities before the date that is four months and one day after the distribution date. Pursuant to the terms of the accompanying subscription agreement, you cannot trade the offered securities before the date that is six months and one day after the date on which they are issued. See Item 10 *Resale Restrictions*.

#### Purchaser's Rights

You have 2 business days to cancel the Corporation's agreement to purchase these securities. If there is a misrepresentation in this offering memorandum (this "Offering Memorandum"), you have the right to sue either for damages or to cancel the agreement. See Item 11 *Purchasers' Rights*.

**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 *Risk Factors*.**

## **Forward Looking Statements**

Certain statements contained in this offering memorandum, including the attached financial statements, that are not historical may be considered “forward looking statements” and are prospective. These forward looking statements sometimes include words to the effect that the Corporation or its management believe, expect or intend a stated condition or result. All estimates and all statements that describe the Corporation’s objectives, goals, or future plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated in such statements due to any number of factors, including, but not limited to, fluctuations in interest rates, political and economic conditions, industry competition and the Corporation’s ability to attract and retain key personnel. The Corporation does not undertake to review or update these forward looking statements. See Item 8 *Risk Factors*.

## DEFINITIONS

**“Advanced Royalty Payment”** has the meaning ascribed to it in the License Agreement.

**“app”** means a computer software application, sometimes also called a ‘program’.

**“Arrangement Agreement”** means the arrangement agreement dated January 6, 2014, which includes the Plan of Arrangement among the Corporation, Pubco and Orca Mobile.

**“Asset Agreement”** means the Asset Agreement dated May 12, 2014, among Orca Mobile as purchaser, Sollensys as vendor, and the Corporation’s CEO, GwanJe Woo, as covenantor, whereby Orca Mobile acquired the Invention and the Purchased Patent, as detailed in Item 2.2 The Business – Asset Agreement.

**“Auditors”** means Charlton & Company, Chartered Accountants.

**“BCBCA”** means the Business Corporations Act (British Columbia) including the regulations thereunder, as amended.

**“Board”** means the board of directors of the Corporation.

**“BD”** means business development.

**“BD Agreement”** means the service agreement dated March 18, 2015 with the BD Consultant, as detailed in Item 2.7 Material Agreements.

**“BD Consultant”** means Lion State Capital Pte. Ltd., a party to the BD Agreement.

**“CAD”** means Canadian dollars.

**“CCTV”** means closed circuit television.

**“CEO”** means Chief Executive Officer.

**“CFO”** means Chief Financial Officer.

**“Common Shares”** means the common shares without par value of the Corporation.

**“Corporation”** means Orca Touchscreen Technologies Ltd. and, where applicable, includes its wholly-owned subsidiary Orca Mobile and, where applicable, includes its joint venture partners from time to time.

**“CSE”** means the Canadian Securities Exchange.

**“Finder”** means Pacific Asia Capital Pte. Ltd., a party to the Finder Fee Agreement.

**“Finder Fee Agreement”** means the agreement dated July 1, 2015 with the Finder, as detailed in Item 2.7 Material Agreements.

**“GPS”** means **“global positioning satellite”**, a navigational technology.

**“Guatemala Joint Venture”** has the meaning ascribed to it in Item 2.2 The Business – Guatemala Joint Venture.

**“Guatemala LOI”** means the non-binding letter of intent dated September 30, 2014 regarding Sollen Guatemala and the Guatemala Joint Venture, as detailed in Item 2.2 The Business – Guatemala Joint Venture.

**“IDC”** means International Data Corporation.

**“Internet of Things”** has the meaning ascribed to it in Item 2.2 The Business.

**“Invention”** has the meaning ascribed to it in Item 2.2 The Business – Asset Agreement.

**“IoT”** means the Internet of Things.

**“IR”** means investor relations.

**“IR Agreement”** means the agreement dated January 9, 2015 with the IR Consultant, as detailed in Item 2.7 Material Agreements.

**“IR Consultant”** means Primoris Group Inc., a party to the IR Agreement.

**“Korea”** means the Republic of Korea, commonly known as ‘South Korea’.

**“License Agreement”** means the patent and technology license agreement dated May 12, 2014 with Sollensys, as detailed in Item 2.2 The Business– License Agreement.

**“Licensed Patents”** has the meaning ascribed to it in the License Agreement.

**“Licensed Products”** has the meaning ascribed to it in the License Agreement.

**“Licensed Technology”** has the meaning ascribed to it in the License Agreement.

**“Listing Date”** means June 13, 2014, the date on which the Common Shares were listed for trading on the CSE.

**“MD&A”** means management’s discussion and analysis.

**“Option Plan”** means the 10% rolling incentive stock option plan of the Corporation adopted July 15, 2014.

**“Option Shares”** means Common Shares issuable upon the exercise of a stock option.

**“Orca Mobile”** means Orca Mobile Solutions Ltd., a private British Columbia corporation and a wholly-owned subsidiary of the Corporation.

**“person”** includes:

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;

**“Plan of Arrangement”** means the statutory plan of arrangement attached as Schedule A to the Arrangement Agreement.

**“principal holder”** means a person who, directly or indirectly, beneficially owns or controls 10% or more of any class of the voting securities of an issuer.

**“Products”** means all products proposed to be made, sold or distributed by the Corporation and its subsidiary, Orca Mobile, including all products assembled by joint venture companies in which the Corporation has a joint venture interest and including the Licensed Products.

**“Pubco”** means Gorilla Minerals Corp., a British Columbia corporation.

**“Purchased Patent”** means the patent described as a “touchscreen sensor for producing folding laminating apparatus” acquired from Sollensys by Orca Mobile (together with the Invention) under the Asset Agreement.

**“R&D”** means Research and Development;

**“related party”** has the meaning ascribed to it in Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, being a person, other than a person that is solely a bona fide lender, that, at the relevant time and after reasonable inquiry, is known by the entity or a director or senior officer of the entity to be

- (a) a control person of the entity,
- (b) a person of which a person referred to in paragraph (a) is a control person,
- (c) a person of which the entity is a control person,
- (d) a person that has
  - (i) beneficial ownership of, or control or direction over, directly or indirectly, or
  - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of the entity carrying more than 10% of the voting rights attached to all the entity’s outstanding voting securities,
- (e) a director or senior officer of
  - (i) the entity, or
  - (ii) a person described in any other paragraph of this definition,
- (f) a person that manages or directs, to any substantial degree, the affairs or operations of the entity under an agreement, arrangement or understanding between the person and the entity, including

- the general partner of an entity that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law,
- (g) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50 per cent of the securities of any outstanding class of equity securities, or
  - (h) an affiliated entity of any person described in any other paragraph of this definition.

**“Royalty”** has the meaning ascribed to that term in the License Agreement.

**“SKD”** means Semi Knock Down and refers to a production assembly method whereby kits of partially-assembled components are assembled into finished products.

**“SKD partner”** means a company involved in an SKD project with the Corporation.

**“SKD project”** means one involving an SKD partner, and using SKD assembly methods as opposed to conventional production methods.

**“smart”** means equipped with technology such as computer software programs, sensors and touchscreens.

**“Smart Sollen”** means Smart Sollen Inc., of Seoul Korea, a procurer of electronic components and a party to the Smart Sollen Loan Agreement.

**“Smart Sollen Loan Agreement”** means the agreement between Orca Mobile and Smart Sollen detailed in Item 2.7 Material Agreements.

**“Sollen Guatemala”** means Sollen-Mobile, S.A., a Guatemalan company in which the Corporation has negotiated an equity interest, as detailed in Item 2.2 The Business- Guatemala Joint Venture.

**“Sollensys”** means Sollensys Corp., incorporated in Korea on May 27, 2010, under registration number 100111-0298541. Sollensys is the (a) owner of the Licensed Technology and the Licensed Patents under the License Agreement, (b) vendor of the Invention and the Purchased Patent under the Asset Agreement, and (c) a proposed joint venture partner in the Guatemala Joint Venture. Sollensys is a related party in that one of its senior officers, directors and principal shareholders is GwanJe Woo, who is also CEO and a principal shareholder of the Corporation and who is CEO of Orca Mobile.

**“Split”** means the 1:4 forward stock split of the Common Shares effected on July 9, 2014, whereby the then-existent issued and outstanding share capital of the Corporation was increased from 10,110,000 Common Shares to 40,440,000 Common Shares.

**“Subscription Agreement”** means the subscription agreement for Units that accompanies this Offering Memorandum.

**“tablet”** means tablet personal computer.

**“touchscreen”** means a display screen that also serves as an input mechanism, that is sensitive to touch by such things as a finger or stylus, and that allows a user to interact with the computer embedded in a device by touching images on the touchscreen, rather than using a keyboard or a mouse.

**“Unit”** means each of the Units offered by this Offering Memorandum at a price of \$0.30 each. Each Unit shall consist of one Common Share and one half of one Warrant. Each whole Warrant shall be exercisable to purchase one additional Common Share at an exercise price of \$0.40 for a period of 5 years from the issuance date of such Warrant.

**“USD”** means U.S. dollars, the Canadian dollar equivalencies of which are based on the Bank of Canada noon rate for currency exchange on the date of the transaction involving such USD or the date of this Offering Memorandum, as the case may be.

**“Warrant”** means each warrant forming part of the Units.

**“Warrant Shares”** means the Common Shares issuable upon exercise of the Warrants and, where context requires, warrants issued as part of previous private placement offerings of the Corporation.

## Item 1. Use of Available Funds

### 1.1 Funds

Since its incorporation, the Corporation has raised \$4,394,543. As of November 30, 2015, being a date within 30 days of this Offering Memorandum, its working capital is approximately \$960,000. The Corporation has set a maximum offering of \$1,500,000.

		Assuming max. offering (\$)
A	Amount to be raised by this offering	1,500,000
B	Selling commissions and finder fees	300,000
C	Estimated offering costs (legal, accounting and transfer agent)	50,000
D	Available funds: $D = A - (B + C)$	1,150,000
E	Additional sources of funding required	734,989
F	Working capital estimate	960,000
G	<b>Total:</b> $G = (D + E) + F$	<b>2,844,989</b>

### 1.2 Use of Available Funds

Over the next 12 months, the Corporation plans to spend the available funds as follows:

Description of intended use of available funds listed in order of priority	Assuming max. offering (\$)
Fees for consultants (including the BD Consultant) to develop business with potential SKD partners and investors throughout the world	1,000,000
Promotional tour throughout the world to secure further SKD business partners and investors	400,000
Contribution towards establishing a joint venture company <sup>(1)</sup> in Southeast Asia to begin construction of an SKD assembly factory	138,820
Second installment under the Smart Sollen Loan Agreement	100,000
Professional fees for legal and accounting services	360,000
Fees for communications and corporate consulting services	120,000
Management salaries for existing CEO <sup>(1)</sup> , CFO <sup>(1)</sup> and directors <sup>(1)</sup>	115,349
Discounted fees to the IR Consultant under the IR Agreement	24,000
Advance Royalty Payments to Sollensys <sup>(2)</sup> under the License Agreement	48,000
Contribution towards establishing another joint venture company <sup>(1)</sup> in Southeast Asia or elsewhere in the world to build an SKD assembly factory	138,820
General administrative expenses	400,000
General working capital purposes	0
<b>Total Available Funds</b>	<b>2,844,989</b>

(1) Each is (or will be) a related party to the Corporation as either a director, senior officer or affiliate thereof.

(2) Sollensys is a related party as one of its senior officers, directors and principal shareholders is GwanJe Woo, who is also CEO and a principal shareholder of the Corporation, and CEO of Orca Mobile.

### 1.3 Reallocation

The Corporation intends to spend the available funds as stated. It will reallocate funds only for sound business reasons and in keeping with its long-term and short-term objectives as stated in sections 2.4 and 2.5, respectively, of this Offering Memorandum.

## Item 2. Business of the Corporation

### 2.1 Structure

The Corporation is a reporting issuer and a publicly-held company that was incorporated under the *Business Corporations Act* (British Columbia) on December 31, 2013. The Corporation fiscal year end is December 31.

The Corporation has one wholly-owned subsidiary, Orca Mobile Solutions Ltd. ("**Orca Mobile**"), a private company incorporated under the *Business Corporations Act* (British Columbia) on December 17, 2013.

As well, pursuant to the Guatemala LOI, the Corporation has advanced funds to acquire approximately 30% of the shares of Sollen-Mobile, S.A. ("**Sollen Guatemala**"), a Guatemalan company incorporated for the purpose of the Guatemala Joint Venture. See Item 2.2 *The Business– Guatemala Joint Venture*.

### 2.2 The Business

The business of the Corporation is the production and sale of touchscreen devices for the Internet of Things.

The Internet of Things ("**IoT**") is the network of physical objects or 'things' embedded with electronics, software, sensors and connectivity which allow the exchange of data among the user, manufacturer, and other connected devices. Each thing is uniquely identifiable through its embedded computing system, but is able to interoperate within the existing internet infrastructure. The interconnection of these embedded devices (including 'smart' things), is expected to usher in automation in nearly all fields. 'Things' in the IoT can refer to a wide variety of devices such as smartphones with healthcare monitoring apps, tablets with links to libraries and educational sites, retail signs with touch links to maps and merchandise descriptions, automobiles with built-in sensors and GPS navigation, and CCTV surveillance systems that manage inventory.

According to a June 2014 article at ZDNet.com, International Data Corporation ("**IDC**"), an information technology research agency, expects the global Internet of Things to be a USD \$7.1 trillion market by 2020, as people around the world, and particularly in developed nations develop an affinity for full-time connectivity.



The Corporation plans to participate in the Internet of Things by partnering with other companies to assemble, distribute, sell, service and refurbish smartphones and tablets.

**Products**

The Corporation’s products are those produced by joint venture companies in which Orca Mobile, the wholly-owned operating subsidiary of the Corporation, shall acquire an interest.

The current product portfolio consists of smartphones, to be followed by tablets. The Corporation may add other touchscreen-enabled ‘smart’ devices to its product portfolio, such as CCTV surveillance equipment which can be monitored by smartphones. The exact nature of these further devices will be determined by the Corporation based on such factors as consumer demand, profit margins, production efficiencies and marketing synergies.



The Corporation produces new smartphones and plans to produce new tablets. In addition to producing new devices, the Corporation plans to provide used smartphones and tablets to its joint venture companies for refurbishment to near-new condition and subsequent distribution, sale and service. Currently, smartphones are being produced by Sollen-Mobile, S.A. (“**Sollen Guatemala**”), a Guatemalan company for which the Corporation has advanced funds and equipment to acquire an approximate 30% joint venture interest. In July 2015, Sollen Guatemala began producing the first of its “Sollen Mobile” branded smartphones. (For particulars, see Item 2.2 *The Business - Guatemala Joint Venture*).

At the Sollen Guatemala factory, the first “Sollen Mobile” product being assembled there is a 5” smartphone called the “Lucid SP-50”.





Specifications for the SOLLEN MOBILE “Lucid SP-50” smartphone are as follows:

- MT6582M@1.3GHz\*4 (Quad Core Processor)
- OS-Android 4.4
- Bands: GSM850/900/1800/1900 MHz, WCDMA: 850/1900&900/2100 MHz
- SIM-Card-2Sim-Card 2 standby
- T-Card-1 T Card slot
- Product Dimensions: 143.6x71.5x8.3mm
- LCM-5” IPS HD(1280X720)
- G+F+F CTP: Capacitive touch,5-point
- Battery: 2000mAh
- Memory: 1GB+8GB
- Camera: 8M back(BSI); Camera: 2M front; Camera flash light: Yes
- Speaker: 1813box
- WIFI/GPS/BT/FM: Yes
- G-sensor: yes; Proximity-sensor: yes; Light-sensor: yes
- USB I/O DC Jack: Micro 5Pin
- Audio Jack: 3.5mm phone jack

As at the date of this Offering Memorandum, approximately 2,000 units of the Lucid SP-50 smartphone have been produced by Sollen Guatemala, and the Corporation is negotiating with prospective partners to establish factories for the SKD assembly of touchscreen devices in developing countries throughout the world.

### **Services**

The Corporation also offers expertise, advisory services and in-person training to prospective clients and partners around the globe, regarding all aspects of touchscreen technology used in smartphone and tablet manufacture, including.

- manufacturing processes, facility layout and component sourcing
- equipment testing
- cleanroom set-up and ongoing maintenance
- production efficiencies (Lean/JIT/Six Sigma techniques)

(collectively, the “**Services**”). Currently, the Services offered by the Corporation are performed primarily by its CEO, GwanJe Woo. As at the date of this Offering Memorandum, the Corporation has yet to earn any revenue from the direct sale of the Services on a strictly consulting basis, however, the Corporation has and continues to contribute the Services to Sollen Guatemala and the Corporation proposes to contribute the Services to its proposed SKD projects.

### **Production Strategy**

Using Sollen Guatemala as a template for an SKD assembly factory, the Corporation through its subsidiary, Orca Mobile, proposes to establish further SKD projects in Central America, South America and Southeast Asia.

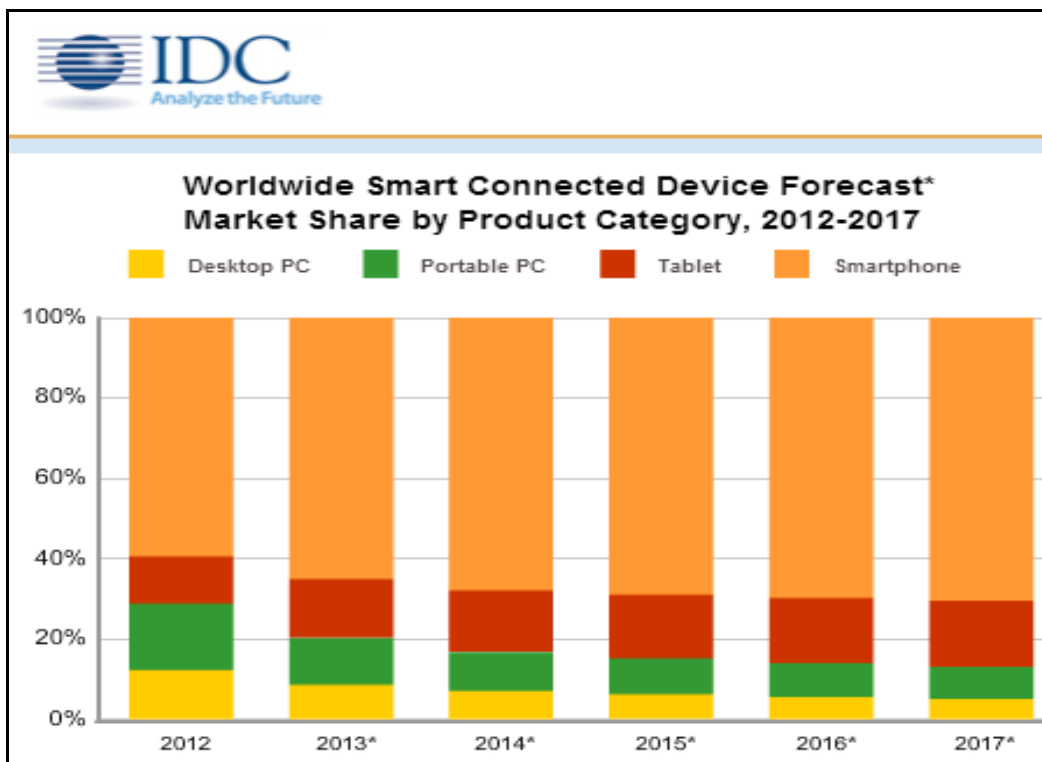
The Corporation proposes to be involved with such SKD partners in all facets of smartphone and tablet production, sales and service. For the benefit of its SKD partners, the Corporation will:

- design, finance, construct and equip a factory to assemble, service and refurbish devices
- design production lines for the factory
- consult on procuring electronic components for assembly into products
- consult on all aspects of product design and production
- consult on marketing and distributing the finished devices to local markets and global markets
- consult on providing after-sales service for products
- consult on obtaining bulk quantities of used smartphones and tablets from suppliers for refurbishment
- offer training on refurbishing used smartphones and tablets to near-new condition
- design apps to be embedded in the smartphones, tablets and other devices assembled by the partners

**Market**

According to a September 15, 2013 report prepared by IDC, 87% of connected device sales by 2017 will be smartphones and tablets, and specifically:

- IDC believed that tablets would outsell desktop and laptop personal computers (each, a “PC”) starting in Q4 2013. IDC also estimates that tablet sales will surpass PC sales on an annual basis by 2015.
- IDC is predicting the worldwide smart connected device market will increase above 2 billion units by the end of 2015, attaining a market value of \$735.1 billion. The total number of PCs will drop from 28.7% in 2013 to 13% in 2017. Tablets will increase from 11.8% in 2013 to 16.5% by 2017, and smartphones will increase from 59.5% to 70.5%. The following chart shows the distribution of forecasted sales by platform.



[Source: MarketingUnwired.com 16Sep2013]

- By 2017, IDC believes that 87% of the worldwide smart connected device market will be tablets and smartphone, with PCs (both desktop and laptop) being 13% of the market as shown in the table below:

### Smart Connected Device Market

Product Category	2013 Unit Shipments	2013 Market Share	2017 Unit Shipments	2017 Market Share	2013–2017 Growth
Desktop PC	134.4	8.6%	123.11	5%	-8.4%
Portable PC	180.9	11.6%	196.6	8%	8.7%
Tablet	227.3	14.6%	406.8	16.5%	78.9%
Smartphone	1,013.2	65.1%	1,733.9	70.5%	71.1%
<b>Total</b>	<b>1,556</b>	<b>100%</b>	<b>2,460.5</b>	<b>100%</b>	<b>58.1%</b>

[Source: MarketingUnwired.com 16Sep2013]

### Marketing Strategy

#### (a) Products

Each joint venture company in which the Corporation has an interest will be responsible for marketing the smartphones, tablets and other devices that such joint venture company assembles or refurbishes. Initially, the primary markets include telecommunications providers, smartphone distributors and retailers, the financial industry and schools.

### Initial Smartphone & Tablet Markets



On July 16, 2014, the Corporation entered into discussions with Solucel, S.A. (“**Solucel**”) regarding the production in Guatemala and sale throughout Central America of touchscreen devices. Since that time, the Corporation has, in its capacity as a joint venture partner in Sollen Guatemala, continued to meet periodically with Solucel to discuss distribution plans and strategy as to the products assembled and refurbished by Sollen Guatemala. As at the date of this Offering Memorandum, Sollen Guatemala continue the negotiations to develop an agreement with Solucel for distribution of Sollen Guatemala’s products in Guatemala and Central America.

(b) SKD Business Model

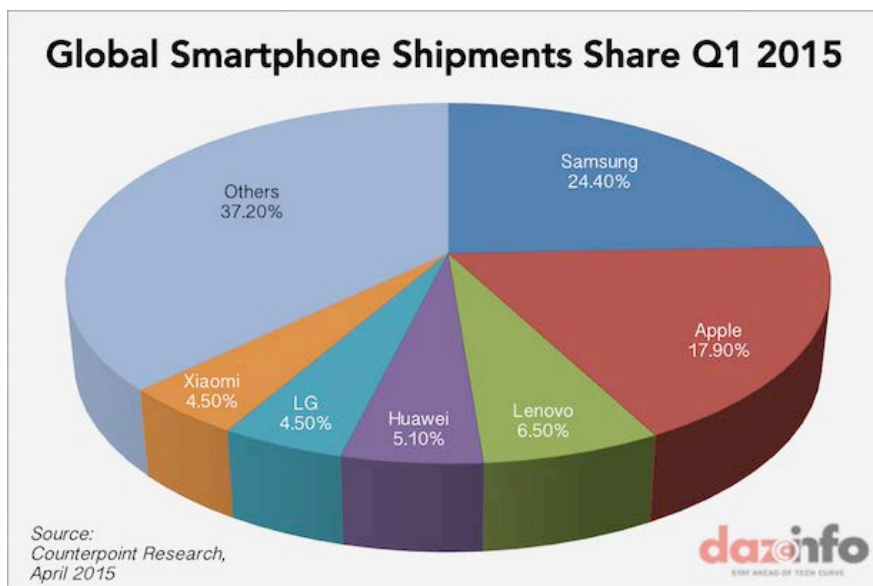
The Corporation, through its wholly-owned operating subsidiary, Orca Mobile, is marketing its SKD assembly business model throughout the world. As a result of the progress on the Guatemala Joint Venture, Orca Mobile has received inquiries from and is currently negotiating with prospective partners in Southeast Asia and throughout the world to establish factories in those countries to assemble new smartphones and tablets, refurbish used smartphones and tablets, and provide after-sales service. Orca Mobile will work with its future partners to produce smartphones, tablets and other touchscreen devices using Semi Knock Down (“SKD”) methods. An SKD is a partially assembled kit of components which requires final assembly to create the finished product. During the proposed SKD projects, components will be imported by the SKD partner into the partner country for assembly into devices for sale and distribution. Each joint venture partner will market and distribute its products primarily within their local national market and secondarily in other countries.

The advantages of SKD projects over conventional production include savings on import duties, savings on taxes, and the goodwill of the partner countries. The Corporation’s SKD projects will help partner countries to substitute locally-assembled products for the completely-finished products they currently import, and to provide jobs and develop highly-skilled workforces. Orca Mobile will provide touchscreen system engineers onsite at partner factories to pass on their know-how regarding all facets of SKD assembly production. For the use of its know-how and technology, Orca Mobile will earn royalties on the sale of the touchscreen devices and services.

Beginning in Guatemala, Orca Mobile has targeted SKD partners in developing countries where: (a) 3G telecommunication services have only recently become available; (b) where the average distribution rate of smartphone users is low, generally below 20% of the population; and (c) where distribution rates are expected to rise to over 80% during the next 3 years.

**Competition**

In the smartphone market, the Corporation’s joint venture interests will face competition from companies such as Apple, Huawei, Lenovo, LG, Samsung, Xiaomi and others.



In the tablet market, the Corporation’s joint venture interests will face competition from companies such as Acer, Apple, Asus, Lenovo, LG, Samsung and others.

**Top Five Tablet Vendors  
First Quarter 2015 - Preliminary Results  
(Shipments in millions)**

Vendor	1Q15 Unit Shipments	1Q15 Market Share	1Q14 Unit Shipments	1Q14 Market Share	Year-over-Year Growth
Apple	12.6	26.8%	16.4	32.7%	-22.9%
Samsung	9.0	19.1%	10.8	21.6%	-16.5%
Lenovo	2.5	5.3%	2.0	4.1%	23.0%
ASUS	1.8	3.8%	2.6	5.2%	-30.6%
LG Electronics	1.4	3.1%	0.1	0.2%	1423.7%
Others	19.7	41.8%	18.1	36.3%	8.6%
<b>Total</b>	<b>47.1</b>	<b>100.0%</b>	<b>50.0</b>	<b>100.0%</b>	<b>-5.9%</b>

[Source: IDC Worldwide Quarterly Tablet Tracker, April 30, 2015]

**Intellectual Property**

As of the date of this Offering Memorandum, the Corporation has not itself applied for any patents, trademarks or other intellectual property rights, and has no plans to apply for any patents in the near future.



As at the date of this Offering Memorandum, Sollen Guatemala proposes to acquire a license to use the trademark shown on the left (the “**Sollen Trademark**”) and the tradename “Sollen Mobile” (the “**Sollen Tradename**”), and to use both to brand its products.

The Corporation, through its wholly-owned subsidiary, Orca Mobile, acquired intellectual property relating to touchscreen technology from a Korean company, Sollensys Corp. (“**Sollensys**”) pursuant to: (a) the Asset Agreement governing patents; and (b) the License Agreement governing a license to use technology and patents. From 2010 to May 2014, Sollensys had spent over \$5,000,000 developing its touchscreen technology and manufacturing facilities. Sollensys is incorporated in Korea with headquarters in Gwang-Ju City, Korea. Sollensys is a related party to the Corporation in that one of its senior officers, directors and principal shareholders is GwanJe Woo, who is also CEO and a principal shareholder of the Corporation and CEO of Orca Mobile. Prior to May 12, 2014, Sollensys held 19 unique technology patents, of which:

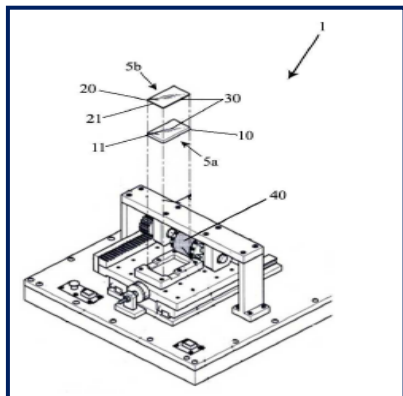
- one Sollensys patent, described as an apparatus for folding and laminating sensor panels to create touchscreens, was acquired by the Corporation’s subsidiary Orca Mobile on May 12, 2014 (see “Asset Agreement” below); and
- 18 other patents, covering multi-gesture functionality, stylus designs, manufacturing processes and Sollensys’ unique technology for interfacing with the human hand, were licensed to the Corporation’s subsidiary, Orca Mobile, on May 12, 2014 (see “License Agreement” below).

(a) Asset Agreement

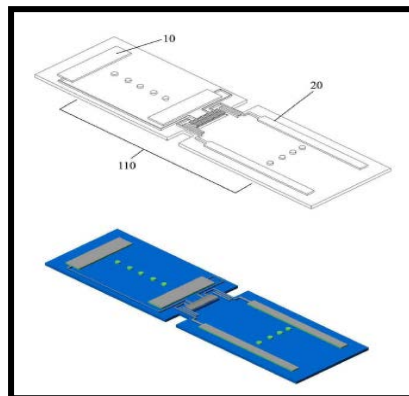
The Corporation, through its operating subsidiary, Orca Mobile, entered into an asset agreement dated May 12, 2014 with Sollensys (the “**Asset Agreement**”). Under the Asset Agreement, Orca Mobile acquired the Invention (defined below) and the Purchased Patent (defined below) from Sollensys for \$50,000 cash, which has been paid. The asset consists of a folding laminating apparatus for producing touchscreens (the “**Invention**”), for which a patent was registered in the Korean Intellectual Property Office under registration number 1013788700000 on March 21, 2014 (the “**Purchased Patent**”).

The Invention can be described in simple terms as the apparatus for folding and laminating touch sensor panels to produce touchscreens. A touchscreen is comprised of two layers of sensor panels that must be laminated together during manufacture. In conventional touchscreen manufacturing, the 2 separate sensor panels are stacked together for lamination. In the Invention, on the other hand, the 2 sensor panels are 2 halves of a single panel that is folded together during lamination. In the conventional manufacturing process (Figure 1), two separate rectangular sensor panels (items 10 and 20) are placed one on top of the other in a stacked configuration, and then are laminated together using a roller to improve the bond and reduce air bubbles (item 40). This stack laminating method carries the risk of misaligning the edges of the 2 sensor panels and of tiny air bubbles remaining between the layers, creating defects which reduce production yield.

**Figure 1 – Conventional Stacked Lamination Method**

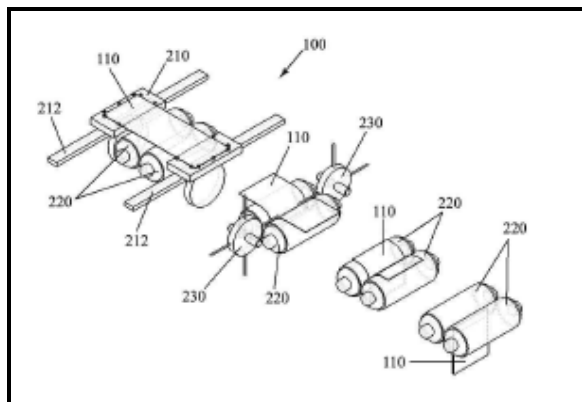


**Figure 2 – Orca Touchscreen’s Linked Sensor Panels (Before Folding)**



The Invention is a folding apparatus that improves the laminating procedure by improving edge alignment, reducing air bubble defects and reducing lamination processing time. Rather than starting with 2 separate sensor panels, the Invention starts with sensor panels that are 2 halves of one whole (see Figure 2), much like an open book cover that will eventually fold along its spine. During the folding lamination process (see Figure 3 below), the sensor panels are folded together, rather like a book cover closing along its spine. The Invention uses rollers to create the fold, align the sensor panel edges, and continue laminating the layers together, with better edge alignment, fewer air bubbles, and in less time than the conventional stacked lamination method. The invention is designed to produce higher-quality touchscreen sensor panels in less time by reducing misalignment, reducing air bubble defects, and reducing lamination processing time.

**Figure 3 - The Invention's Folding Lamination Apparatus**



While the Corporation has plans to license the use of the Invention to others, as at the date of this Offering Memorandum, the Corporation has not yet licensed the Invention to any party.

(b) License Agreement

Pursuant to an agreement dated May 12, 2014 with Sollensys (the "**License Agreement**"), Orca Mobile acquired an exclusive worldwide license (the "**License**") for a term of six years (the "**Term**") to use and sublicense all the Licensed Technology and the 18 Licensed Patents owned by Sollensys to make, market and sell products and services, including the Licensed Products, for which Orca Mobile will pay Sollensys:

- 10% of the revenues received by Orca Mobile from the Licensed Patents; and
- 80% of the net revenues received by Orca Mobile from sale of the Licensed Products sold or distributed by Orca Mobile;

(together, the "**Royalty**"), due on the last day of December of each year during the Term with the exception of any advance payments, which shall be payable during the Term as follows:

- \$4,000 on the first day of each month beginning July 1, 2014, as a guaranteed advance payment of the Royalty (each an "Advance Royalty Payment"); and
- at Orca Mobile's option and at any point during the Term, Orca Mobile may make payments to Sollensys in addition to the Advance Royalty Payments, and these additional payments will be set off against subsequent Advanced Royalty Payments and any future Royalty owed.

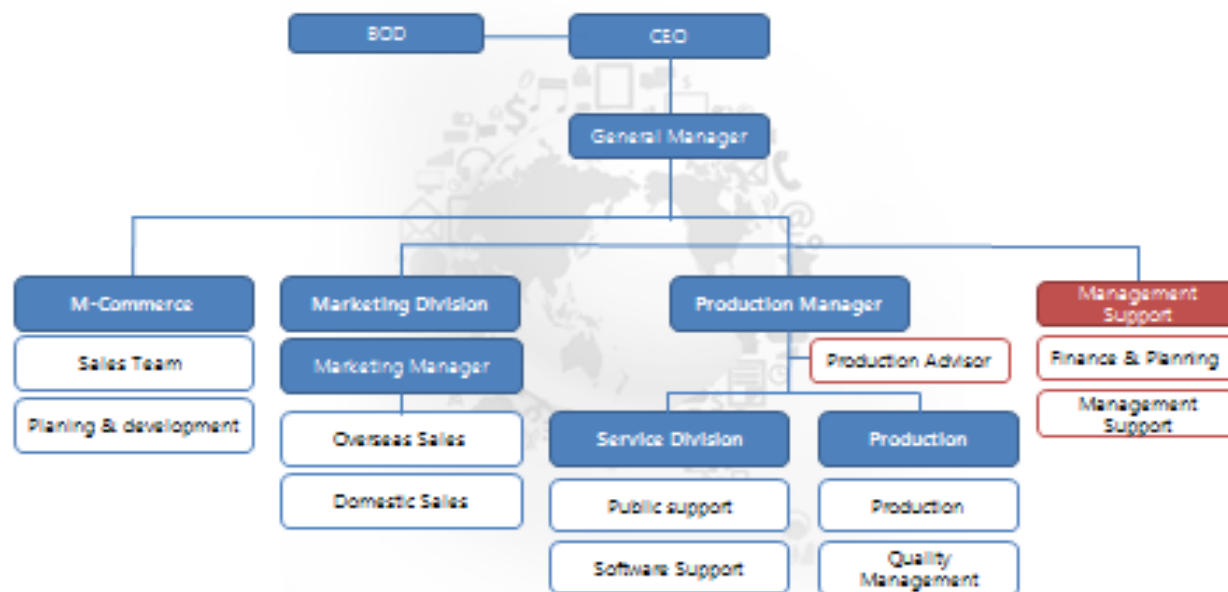
While the Corporation has plans to sublicense the use of the Licensed Technology and the Licensed Patents to others, as at the date of this Offering Memorandum, the Corporation has not yet sublicensed same to any other party. Also see Item 8 *Risk Factors – Licensing Risk*.

**Guatemala Joint Venture**

On October 8, 2014, the Corporation entered into a non-binding letter of intent (the "**Guatemala LOI**") with Sollensys and Fernando Rivera Carlos Sandoval governing the incorporation of a Guatemala joint venture company, Sollen-Mobile, S.A. ("**Sollen Guatemala**"), to develop, manufacture and market smartphones, tablets and software (altogether, the "**Guatemala Joint Venture**").

Earlier, in July 2014, the Corporation advanced USD \$100,000 (CAD \$112,080) to acquire an approximate 30% interest in the Guatemala Joint Venture. During the period ended September 30, 2015, the Corporation also provided the Guatemala Joint Venture with equipment valued at \$11,449. The Guatemala LOI is governed by the laws of the Republic of Guatemala. See also Item 8 *Risk Factors – Foreign Political Risk*.

As part of the Guatemala Joint Venture, the Corporation has provided Sollen Guatemala with the services shown in red on the organization chart shown below.



The Corporation's role in Sollen Guatemala is shown above in red.

Sollen Guatemala held its opening ceremony at the Barcelo Hotel in Guatemala on October 15, 2014. More than a hundred people attended the ceremony, including Guatemala's President, Vice-President and Ministers of Economy, Science and Labour. The Vice-President and Minister of Economy announced that the Guatemalan government proposes to purchase 300,000 tablets to replace printed school textbooks in 2015. As at the date of this Offering Memorandum, no contractual orders for tablets have yet been placed.

Pursuant to the Guatemala LOI, Sollen Guatemala began construction of its head office and factory in October 2014. The factory is located in Escuintla, Guatemala, approximately 42 miles south of Guatemala City in the industrial park called "Technopark". Technopark is a strategically centralized hub for Central American markets, providing both logistical convenience and Guatemalan tax advantages. On July 8, 2015, Sollen Guatemala held the official opening ceremony for its smartphone factory, which was attended by various Guatemalan government officials. The first product being produced at the factory is a 5 inch smartphone called the "Lucid SP-50".



Opening Ceremony at the Sollen Guatemala Factory – July 2015

As at the date of this Offering Memorandum, Sollen Guatemala has produced approximately 2,000 units of the Lucid SP-50 smartphone, none of which have yet been sold. As at the date of this Offering Memorandum, the partners in the Guatemala Joint Venture are working towards finalizing a definitive joint venture agreement.

Also see Item 2.2 *The Business – Products* and Item 2.5. *Short-Term Objectives*.



## **Negotiations for SKD Partners Around the World**

In July 2015, the Corporation launched a promotional tour of Southeast Asia, aimed at prospective SKD business partners and other investors. From July to date, with introductions provided by the BD Consultant, the Corporation has been meeting with prospective SKD business partners and other investors in various developing countries throughout the world and presenting them with the results of Sollen Guatemala.

As at the date of this Offering Memorandum, the Corporation is negotiating with potential business partners in Algeria, Argentina, Cambodia, China, Dubai, Korea (South Korea), Mexico, Myanmar, Philippines, Russia, Sri Lanka, Turkey and Uruguay.

See also Item 2.5. *Short-Term Objectives* and Item 8 *Risk Factors – Foreign Political Risk*.

## **Trends, Commitments, Events or Uncertainties**

The Corporation does not know of any other trends, commitments, events or uncertainties that are expected to materially affect its business, financial condition or results of operations, other than as disclosed in this Item 2.2 *The Business*.

### **2.3 Development of Business**

On December 31, 2013, the Corporation was incorporated as “Orca Touchscreen Technologies Ltd.”

On January 6, 2014, the Corporation entered into an Arrangement Agreement including a Plan of Arrangement with Pubco and Orca Mobile. On March 6, 2014, the Supreme Court of British Columbia granted a final order approving the Plan of Arrangement in accordance with Part 9 of the BCBCA.

On March 6, 2014, the Corporation closed the Plan of Arrangement and became a reporting issuer in British Columbia and Alberta, and Orca Mobile became the Corporation’s wholly-owned subsidiary.

On June 10, 2014, two shareholders acquired ownership of Common Shares; namely, GwanJe Woo, the Corporation CEO, acquired 2,225,500 Common Shares and Alastair D. Brown acquired 2,000,000 Common Shares, representing, respectively, about 22% and 20% of the total issued and outstanding Common Shares of the Corporation at the time.

On June 12, 2014, the Corporation closed a non-brokered private placement of 2,000,000 Common Shares at \$0.10 for total proceeds of \$200,000.

On June 13, 2014, the Corporation’s Common Shares were listed for trading on the CSE and it became a reporting issuer in Ontario.

On June 20, 2014, Jong Myung Choi replaced Justin Blanchet as Chief Financial Officer and a Director of the Corporation.

On June 30, 2014, the Corporation announced plans to establish a smartphone factory in Guatemala and to market Sollensys touchscreens throughout Central America to the education, financial services, industrial and healthcare sectors, and discussions with a leading Guatemalan high-technology communications manufacturer, to produce smartphones for the Central American market.

On July 14, 2014, the Corporation’s Common Shares were subject to a forward split by push-out method, on the basis of one (1) Common Share for four (4) new Common Shares, such that the Corporation issued and outstanding share capital increased from 10,110,000 Common Shares to 40,440,000 Common Shares.

On July 15, 2014, the Corporation adopted a stock option plan and granted stock options to directors and officers of the Corporation exercisable to purchase up to 600,000 Common Shares at an exercise price of \$0.80 per share for 2 years.

On July 18, 2014, the Corporation announced it had entered into discussions with Solucel, S.A. (“**Solucel**”), a Guatemalan electronics distributor, to develop an agreement by which the Corporation would supply electronic devices for distribution by Solucel throughout Central America.

On August 4, 2014, the Corporation’s Common Shares began trading on the Frankfurt Stock Exchange under the trading symbol “6OT”.

On August 8, 2014, the Corporation appointed Jong Hyub Choi as a Director and Audit Committee Chair of the Corporation, replacing John Bevilacqua in those capacities.

On September 30, 2014, the Corporation entered into the non-binding Guatemala LOI governing the incorporation of Sollen Guatemala, a Guatemala joint venture company to develop, manufacture and market smartphones, tablets and other touchscreen devices. (See details in Item 2.2 *The Business – Guatemala Joint Venture*.)

On October 2, 2014, the Corporation negotiated a loan for USD \$50,000 (CAD \$55,750) from two creditors, the proceeds of which were applied to incorporation costs relating to a proposed Guatemala Joint Venture. One of the creditors was a director of the Corporation. (This loan has been repaid.)

On October 15, 2014, the Corporation negotiated a further loan for USD \$42,000 (CAD \$47,523) from Seong-Mo Jeong, then a director of the Corporation, with proceeds going towards the Guatemala Joint Venture. (This loan has been repaid.)

On October 15, 2014, an opening ceremony was held in Guatemala City for the Guatemala Joint Venture. The ceremony was attended by the Guatemalan President, Vice President and Ministers of Economy, Science and Labour.

On January 5, 2015, the Corporation’s Common Shares were listed for trading on the OTCQB marketplace (part of the OTC Markets Group) under the trading symbol “ORTFF”.

On January 15, 2015, the Corporation renegotiated the terms of the loan agreement for USD \$42,000 with Seong-Mo Jeong, then a director of the Corporation. (This loan has been repaid.)

On January 23, 2015, the Corporation closed a private placement and issued 1,037,382 Common Shares at \$0.50 for gross proceeds of \$515,475.50 for general working capital purposes.

On January 29, 2015, the Corporation entered into the IR Agreement with IR Consultant for investor relations services, as detailed in Item 2.7 *Material Contracts*.

On March 18, 2015, the Corporation entered into the BD Agreement with BD Consultant for business development services, as detailed in Item 2.7 *Material Contracts*.

On May 11, 2015, the Corporation closed a private placement and issued 1,871,413 units at \$0.44 each for proceeds of \$823,422.06 for general working capital purposes. Each unit was comprised of one Common Share and one half of one warrant. Each whole warrant is exercisable to purchase one additional Common Share at an exercise price of \$0.55 per share until May 11, 2020.

On July 1, 2015, the Corporation entered into the Finder Fee Agreement with the Finder to obtain introductions to potential investors for private placements of securities of the Corporation for a 20% finder fee, as detailed in Item 2.7 *Material Contracts*.

On July 8, 2015, the Corporation announced the official opening of the smartphone factory owned and operated by Sollen Guatemala for the Guatemala Joint Venture. The event was attended by various Guatemalan government officials. The first product to be assembled at the factory is a 5 inch smartphone called the “Lucid SP-50”.

On July 27, 2015, the Corporation closed a private placement and issued 1,557,716 units at \$0.30 each for proceeds of \$467,314.79 for general working capital purposes. Each unit was comprised of one Common Share and one half of one warrant. Each whole warrant is exercisable to purchase one additional Common Share at an exercise price of \$0.40 per share until July 27, 2020.

On July 28, 2015, the Corporation closed a private placement and issued 897,594 units at \$0.30 each for proceeds of \$269,278.11 for general working capital purposes. Each unit was comprised of one Common Share and one half of one warrant. Each whole warrant is exercisable to purchase one additional Common Share at an exercise price of \$0.40 per share until July 28, 2020.

On August 1, 2015, the Corporation appointed Michael Malana as the Chief Financial Officer and Min Sung Hong as a director and audit committee member, replacing Jong Myung Choi in those capacities.

On September 24, 2015, the Corporation appointed Soo Rae Park as a director and audit committee member, replacing Min Sung Hong in those capacities. On that same day, Orca Mobile appointed Seong-Mo Jeong as president and sole director of Orca Mobile, replacing Jong Myung Choi in those capacities.

On September 25, 2015, the Corporation closed a private placement and issued 3,726,604 units at \$0.30 each for proceeds of \$1,117,980.92 for general working capital purposes. Each unit was comprised of one Common Share and one half of one warrant. Each whole warrant is exercisable to purchase 1 additional Common share at an exercise price of \$0.40 per share until September 25, 2020.

On October 8, 2015, David Schwartz was engaged as the Corporation's legal counsel.

On November 30, 2015, the Corporation closed a private placement and issued 2,764,525 units at \$0.30 each for proceeds of \$829,357.81 for general working capital purposes. Each unit was comprised of one Common Share and one half of one warrant. Each whole warrant is exercisable to purchase 1 additional Common share at an exercise price of \$0.40 per share until November 30, 2020.

On November 30, 2015, Seong-Mo Jeong resigned as a director of the Corporation, and as President and a director of Orca Mobile.

On December 4, 2015, the Corporation's legal counsel, David Schwartz, was appointed as Secretary of the Corporation.

On December 11, 2015, the Corporation entered into the Smart Sollen Loan Agreement and appointed Yong Chul Kim as a director of the Corporation and as President and a director of Orca Mobile.

On December 18, 2015, the Corporation announced that it had granted certain of its senior officers, directors and consultants stock options exercisable to purchase an aggregate of 2,900,000 common shares at an exercise price of \$0.20 per share for a period of 5 years from the date of grant.

## **2.4 Long Term Objectives**

The business of the Corporation is the design, production, sale, distribution, service and refurbishment of touchscreen devices. For further details, see Item 2.2 *The Business*.

The Corporation's primary business objectives over the next 24 months are to:

- (a) continue to be assisted in developing business with potential SKD project partners worldwide by making ongoing monthly payments to consultants totaling an estimated \$3,400,000 over the next 24 months; and
- (b) secure 2 SKD project partners at an estimated cost of USD \$200,000 (CAD \$276,640) over the next 24 months.

## **2.5 Short Term Objectives and How the Corporation Intend to Achieve Them**

The Corporation short term objectives over the next 12 months are to:

- (a) complete a definitive agreement for the Guatemala Joint Venture;
- (b) continue to be assisted by consultants (including the BD Consultant) to develop business with potential SKD project partners and other investors worldwide;

- (c) continue an ongoing promotional tour to secure SKD project partners and other investors worldwide;
- (d) assist its joint venture companies, if any, to obtain component parts for assembly, used smartphones and tablets for refurbishment, marketing and distribution for their assembled and refurbished products, R&D for new products, and technology swapping;
- (e) enter into a letter of intent with a partner to establish a joint venture company in Southeast Asia to build an SKD assembly factory to produce smartphones and tablets;
- (f) finalize a definitive agreement (based on the foregoing letter of intent) and make a financial contribution to the Southeast Asia joint venture company to begin construction of an SKD assembly factory;
- (g) assist such Southeast Asia joint venture company to complete construction of its SKD assembly factory;
- (h) enter into a letter of intent to establish another joint venture company in Southeast Asia or elsewhere in the world to build an SKD assembly factory to produce smartphones and tablets.

The following table describes how the Corporation intends to meet its short-term objectives over the next 12 months:

What we must do and how we will do it	Target completion date (or, if not known, number of months to complete)	Cost to Complete (\$ CAD)
Pay the second installment due under the Smart Sollen Loan Agreement	31 Jan 2016	100,000
Continue paying business consultants (including the BD Consultant) for strategy and assistance in developing business with potential SKD project partners and investors throughout the world	12 months	1,000,000
Continue an ongoing promotional tour of targeted developing countries of the world to secure further business partners and investors	12 months	400,000
Continue obtaining media services by paying monthly fees to the IR Consultant under the IR Agreement	12 months	24,000
Continue paying professionals for legal and accounting services	12 months	360,000
Continue paying consultants for communications and corporate services	12 months	120,000
Continue paying management salaries to CEO, CFO and directors	12 months	115,349
Continue paying Advance Royalty Payments to Sollensys under the License Agreement	12 months	48,000
Continue paying general administrative expenses	12 months	400,000
Enter into a letter of intent with a partner to incorporate a Southeast Asia joint venture company to build an SKD assembly factory	March 31, 2016	0
Finalize a definitive agreement with such partner governing the Southeast Asia joint company and contribute an estimated cost of USD \$100,000 towards factory construction costs	June 30, 2016	138,820
Assist the proposed Southeast Asia joint venture company to bring its SKD assembly factory into operation at an estimated cost of USD \$700,000 (CAD \$971,740), of which the Corporation's portion will be NIL	September 30, 2016	0
Enter into one further agreement to incorporate a joint venture company to build an SKD assembly factory to produce smartphones and tablets in a developing country in Central America, South America or Southeast Asia, at an estimated cost of USD \$100,000	December 31, 2016	138,820
<b>TOTAL</b>		<b>2,844,989</b>

## 2.6 Insufficient Funds

The funds available as a result of this offering either may not or will not be sufficient to accomplish all of the Corporation's proposed objectives and there is no assurance that alternative financing will be available.

## 2.7 Material Agreements

The following table summarizes all the material agreements to which the Corporation is currently a party or a related party:

	Material Agreement	Parties	Date
(a)	Asset Agreement	Orca Mobile and Sollensys <sup>(1)</sup>	May 12, 2014
(b)	License Agreement	Orca Mobile and Sollensys <sup>(1)</sup>	May 12, 2014
(c)	Share Restriction Agreement	the Corporation and its CEO, GwanJe Woo <sup>(1)</sup>	June 10, 2014
(d)	IR Agreement	the Corporation and IR Consultant	January 9, 2015
(e)	BD Agreement	the Corporation and BD Consultant	March 18, 2015
(f)	Executive Consulting Agreement	the Corporation and its CEO, GwanJe Woo <sup>(1)</sup>	April 1, 2015
(g)	Finder Fee Agreement	the Corporation and the Finder	July 1, 2015
(h)	Executive Consulting Agreement	the Corporation and its CFO, Michael Malana <sup>(1)</sup>	August 1, 2015
(i)	Retainer Agreement	the Corporation and its legal counsel, David Schwartz <sup>(1)</sup>	October 8, 2015
(j)	Smart Sollen Loan Agreement	the Corporation and Smart Sollen	December 11, 2015

(1) A related party to the Corporation.

Details of the foregoing material agreements are as follows:

- (a) The Asset Agreement is detailed in Item 2.2 - *The Business – Asset Agreement*.
- (b) The License Agreement is detailed in Item 2.2 - *The Business – License Agreement*.
- (c) The Share Restriction Agreement between the Corporation and its CEO, GwanJe Woo, dated June 10, 2014 (the "**Share Restriction Agreement**"), by which GwanJe Woo has agreed not to sell his 8,902,000 post-Split (2,225,500 pre-Split) Common Shares without the Corporation's prior written consent, except that such restriction will not apply to proportions of shares releasable as follows:

Release Date	Proportion of Released Shares
On the Listing Date (June 13, 2014)	1/10 of the shares
6 months after the Listing Date	1/6 of the remainder of the shares
12 months after the Listing Date	1/5 of the remainder of the shares
18 months after the Listing Date	1/4 of the remainder of the shares
24 months after the Listing Date	1/3 of the remainder of the shares
30 months after the Listing Date	1/2 of the remainder of the shares
36 months after the Listing Date	The remainder of the shares

- (d) The IR Agreement dated January 9, 2015, with Primoris Group Inc. ("**IR Consultant**"), an Ontario corporation, whereby the IR Consultant will provide investor relations services to the Corporation in consideration of \$6,000 per month for an initial term of 1 year, unless sooner terminated, and which agreement is renewable on a monthly basis. By an amendment dated October 31, 2015, the IR Agreement was amended to better reflect the compensation being paid to the IR Consultant by allowing that the IR Consultant could from time to time discount their monthly fee at their sole discretion. The IR Consultant is not a related party to the Corporation.
- (e) The BD Agreement dated March 18, 2015 with Lion State Capital Pte. Ltd. ("**BD Consultant**"), a private equity and venture capital firm based in Singapore, whereby the BD Consultant will provide business

development services to the Corporation for a term of 36 months unless otherwise terminated, in consideration of \$85,000 per month for the first 9 months and \$5,000 per month for 27 months thereafter. On October 31, 2015, the Company and the Firm agreed to amend the Service Agreement by changing the monthly rate to \$42,500 to better reflect the value of services provided, starting November 2015 and thereafter until the end of the 3-year term. The BD Consultant is not a related party to the Corporation.

- (f) The executive consulting agreement with the Corporation's CEO, GwanJe Woo, dated April 1, 2015, whereby the CEO is compensated for his services at the rate of \$2,500 per month (which replaces a previous agreement dated July 1, 2014 for services at \$2,000 per month).
- (g) The Finder Fee Agreement dated July 1, 2015 with Pacific Asia Capital Pte. Ltd. (the "**Finder**") of Singapore whereby the Corporation has agreed to pay the Finder a cash fee equivalent to 20% of the gross proceeds of securities of the Corporation purchased by private placement subscribers introduced by such Finder for a term of 2 years unless earlier terminated on 2 months' notice. The Finder is not a related party to the Corporation.
- (h) The executive consulting agreement with the Corporation's CFO, Michael Malana, dated August 1, 2015, whereby the CFO is compensated for his CFO and in-house accounting services at the rate of \$2,500 per month.
- (i) The retainer agreement with the Corporation's legal counsel, David Schwartz, dated October 5, 2015 and accepted October 8, 2015, whereby David Schwartz is compensated for his professional services as legal counsel from time to time. Mr. Schwartz became related party to the Corporation on his appointment as Secretary.
- (j) The loan agreement (the "**Smart Sollen Loan Agreement**") dated December 11, 2015 with Smart Sollen Inc. of Seoul Korea ("**Smart Sollen**") whereby Orca Mobile has agreed to advance the principal amount of \$200,000 to Smart Sollen to develop its operations to procure and sell electronic components to various joint venture companies in which Orca Mobile has or will have an interest. The principal amount shall be advanced in two instalments as to \$100,000 by December 11, 2015 (paid) and \$100,000 by January 31, 2016. The term of the Agreement is 2 years. Smart Sollen agrees to repay the principal plus interest at a simple rate of 6% per annum by no later than the 5<sup>th</sup> business day following the last day of the term; provided however that Orca Mobile may at any time and from time to time in its sole discretion and on 30 days' notice convert all of the principal and interest then due into 51% of the issued and outstanding common shares of Smart Sollen as fully paid and non-assessable and Orca Mobile will be entitled to appoint a majority of the directors of Smart Sollen. If on the 6<sup>th</sup> business day following the end of the term, Orca Mobile has not so converted and if Smart Sollen has failed to pay the unpaid principal and interest then due, then the unpaid principal and interest then due shall be deemed to have converted automatically as aforesaid and Orca Mobile will be entitled to appoint a majority of the directors as aforesaid.

### **Item 3. Directors, Management, Promoters and Principal Holders**

#### **3.1 Compensation and Securities Held**

The following table sets out information about each director, officer and promoter of the Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of the voting securities of the Corporation (a "**principal holder**"). If a principal holder is not an individual, then the following table includes the name of any persons that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of such principal holder.

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by the Corporation in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of Common Shares held after completion of offering <sup>(1)</sup> (#)	(%)
<b>GwanJe Woo</b> Gwang-Ju, Korea	President & CEO April 25, 2014	\$23,128 paid \$28,500 anticipated	8,902,000 Common Shares 1,200,000 Option Shares NIL Warrant Shares	17.6%
<b>Michael Malana</b> Richmond, Canada	CFO August 1, 2015	\$NIL paid \$20,000 anticipated	NIL Common Shares 250,000 Option Shares NIL Warrant Shares	0%
<b>David Schwartz</b> Vancouver, Canada	Secretary December 4, 2015	\$NIL paid \$30,849 <sup>(3)</sup> anticipated	NIL Common Shares 100,000 Option Shares NIL Warrant Shares	0%
<b>Jong Hyub Choi</b> Seoul, Korea	Director August 8, 2014	\$NIL paid \$12,000 anticipated	NIL Common Shares 500,000 Option Shares NIL Warrant Shares	0%
<b>Soo Rae Park</b> Seoul, Korea	Director September 24, 2015	\$NIL paid \$12,000 anticipated	NIL Common Shares 200,000 Option Shares NIL Warrant Shares	0%
<b>Yong Chul Kim</b> Seoul, Korea	Director December 11, 2015	\$NIL paid \$12,000 anticipated	NIL Common Shares 200,000 Option Shares NIL Warrant Shares	0%
<b>Alastair Brown</b> Freeman's Bay, New Zealand	Principal Holder June 10, 2014	\$NIL paid \$NIL anticipated	8,000,000 Common Shares NIL Option Shares NIL Warrant Shares	14.0%
<b>Walter Zmug<sup>(2)</sup></b> St. Stefan, Austria	Principal Holder September 25, 2015	\$NIL paid \$NIL anticipated	6,250,334 Common Shares NIL Option Shares 2,675,169 Warrant Shares	10.9%

(1) Based on 57,295,234 Common Shares assumed to be issued and outstanding on completion of this Offering and including any further Common Shares issuable to an individual on the exercise of options, warrants or other securities convertible into Common Shares.

(2) The holdings of Mr. Zmug are shown as at November 30, 2015. The Corporation is not aware if Mr. Zmug will hold any further Common Shares or any further warrants exercisable to purchase Common Shares after completion of the Offering.

(3) The anticipated compensation to Mr. Schwartz includes professional fees for his services as legal counsel to the Corporation since October 8, 2015. In his capacity as Secretary of the Corporation, Mr. Schwartz receives no cash compensation, but is eligible to be granted stock options. See Item 2.7 Material Contracts for details of the retainer agreement by which Mr. Schwartz is paid professional fees.

### 3.2 Management Experience

The principal occupation and related experience of the Corporation's directors and officers over at least the past five years:

#### **GwanJe Woo – CEO & President**

From 2010 to date, Mr. Woo has served as Chief Financial Officer of Sollensys Corp., a South Korean corporation, and touchscreen manufacturer. From February 2013 to July 2014, Mr. Woo was President, Chief Executive Officer, Chief Financial Officer, Chairman of the Board and a Director of Sollensys Corp., a Nevada corporation which was the parent company of Sollensys Corp., the Korean company. From 2008 to 2010, Mr. Woo was the CEO of Blue On Business Consulting Group Ltd. From 2006 to 2008, Mr. Woo was CEO of Koges America Ltd. From 2004 to 2006, Mr. Woo was Chairman of the Knowledge & Industry Institute in Seoul, Korea. From 2002 to 2004, he served as CEO of EINS S&C Company Ltd. and Koges Korea Ltd. From 1994 to 1999, Mr. Woo was Manager of the DAEWOO Group. From 2000 to 2002, Mr. Woo was General Manager of the Korea Institute for Electronic Commerce. In 1993, Mr. Woo graduated from the Korea Aerospace University with a degree in Information and Telecommunication Engineering.

**Michael Malana – CFO**

Mr. Malana is a CPA, CMA with extensive experience in public company accounting and administration. From October 2013 to November 2014 Mr. Malana served as CFO and Corporate Secretary of Apivio Systems Inc., (TSXV:APV), where he was responsible for Apivio's transition from a private to a public company. From March 2012 to October 2013, Mr. Malana was the Chief Financial Officer at Sunward Resources Ltd. (TSX:SWD), where he was involved in Sunward's transition from the TSX Venture Exchange to the TSX. From May 2008 to November 2009, Mr. Malana was the Corporate Controller of Jinshan Gold Mines (now listed on the TSX as China National Gold) where he led the Accounting and Finance group in the transition from the exploration to the development to the production stage. Mr. Malana was also involved in Jinshan's early adoption of IFRS and the company's secondary listing on the Hong Kong Stock Exchange. Mr. Malana graduated with a Bachelor of Commerce degree (accounting major) from Concordia University in Montreal in 1996.

**David Schwartz – Secretary**

Mr. Schwartz is a senior securities lawyer with extensive experience in the area of corporate and securities law. He graduated from the University of British Columbia with a Bachelor of Commerce degree in 1974 and a Juris Doctor law degree in 1975. He has served since 2002 as Corporate Secretary and a Director for Finlay Minerals Ltd. (TSX-V:FYL). Mr. Schwartz has acted for private and public companies, for underwriters and for investors in broker disputes. He has also acted as an Expert Advisor to the Law Society of British Columbia regarding Securities Law. In October 2015, Mr. Schwartz became legal counsel to the Corporation.

**Jong Hyub Choi – Director**

Since 2012, Mr. Choi has worked as a patent attorney for Yoon & Yang, one of Korea's five largest law firms. From 2009 to 2012, he was President of the Korean Invention Promotion Association. From 2005 to 2008, Mr. Choi was Director General of the Korean Intellectual Property Office, where he had begun in 2004 as a Senior Judge of its Intellectual Property Tribunal. From 1994 to 2003, Mr. Choi acted as Director of Planning and Budget Division, the Trademark Examination Division and the Invention Policy Division of the Korea Intellectual Property Office. During that period, from 1998 to 2002, Mr. Choi served the Korean Embassy to the European Union as a Patent Attache. From 1987 to 1988, he studied industrial engineering and management at the Asian Institute of Technology in Bangkok, Thailand, from which he graduated with a Master's degree in engineering. From 1981 to 1986, Mr. Choi was Deputy Director of the Korean Economic Planning Board involved in industrial planning of the Korean economy and compiling the government budget. From 1975 to 1981, he served as a Platoon Leader and later as a Captain in the 33rd infantry division of the Korean Army. In 1975, Mr. Choi graduated from the Korea Military Academy with a Bachelor's degree in science.

**Soo Rae Park – Director**

Mr. Park joined LG Electronics in 1986 and worked in personnel management as well as financial affairs, where he was in charge of tax and accounting matters. In September 1994, Mr. Park entered The Police Mutual Aid Association of the Korean National Police Agency (the "Agency"), and was in charge of the financial affairs of its accounting department. Later Mr. Park served the Agency for three years, handling police welfare matters. In 1998, Mr. Park oversaw the planning and development of an online shopping mall operated by the Agency. Mr. Park also served about a year at the Agency's inspection department which established an investment department. As an investment team manager, Mr. Park was in charge of financing real estate projects and alternative investments (including those in information technology). Mr. Park led about 20 projects including the SBI Savings 4th Bank, the Dacom Building on the Teheran Road of Yeoksam-dong, the Myongji University dormitories and the U-dong of Haeundae. From 2000 to 2012, Mr. Park served as a fund manager at The Police Mutual Aid Association, managing and overseeing investments, and contributing to the growth of the Association's assets from about 250 billion South Korean won to about 1.2 trillion South Korean won. From 2013 to 2015, Mr. Park served as a fund manager at KPX Holdings, in charge of IR-related work including managing venture investments and investment asset operations. In 2015, Mr. Park was appointed to his current role as CEO of Saeha P&J Ltd., a developer of black boxes and smart navigation solutions.

**Yong Chul Kim – Director**

In 1982 Mr. Kim graduated Chosun University in South Korea with a major in accounting. From 1983 to 1991, Mr. Kim served in the Middle East as an Assistant Site Manager for Hyundai Engineering & Construction Co., Ltd to supply construction materials and heavy equipment to all Middle East project sites. From 1993 to 1999, Mr. Kim served as General Manager of Goldenline ASIA in Thailand, and Thailand Marketing Agent for POSCO



Engineering & Construction Co., Ltd, of Korea, supplying heavy equipment from Korea to major construction projects in Thailand. From 2000 to 2006 Mr. Kim served as a General Manager of Goldenline ASIA in Malaysia, involved in business-to-business software development in cooperation with Malaysian Government at the Cyber Jaya project and sold CCTV hardware from Korea and China. In 2005, Mr. Kim participated in the CCTV Project for the Government Saving Bank of Thailand. From 2007 to 2012, Mr. Kim joined with the former owner of Goldenline ASIA to establish PMDStar, a Korean property development company involved in major Vietnamese construction projects such as the “New Township” of Hochiminh City and the “5 Star Hotel & Serviced Apartments” in Binjung City, both of which ceased soon after the 2008 global financial crisis. From 2009 to 2013, Mr. Kim worked as an independent construction subcontractor on several major Korean projects such as the “Korean School” and “Caimep Port”. From 2013 to date, Mr. Kim serves as Overseas Procurement Director of M.P Korea involved in the commodities trading among various Southeast Asian countries.

### 3.3 Penalties, Sanctions and Bankruptcy

No penalties or sanctions have been in effect during the last 10 years against any of the Corporation’s directors, officers or control persons, or a company of which any of its directors, officers or control persons was a director, officer or control person at the time; EXCEPT that in May 2015 the Corporation’s CEO, GwanJe (Frank) Woo, in his position as Chief Executive Officer of Sollensys, received a suspended sentence from the Gwangju District Court of South Korea for improper allocation of funds provided by the Korean Institute for Advancement of Technology (“KIAT”) to Sollensys for technology development work. If, at the end of the two-year suspended sentence, Mr. Woo has not committed any further offences, the sentence will be dismissed. (Also see Item 8 *Risk Factors, Licensing Risk.*)

None of the Corporation’s directors, officers or control persons, or a company of which any of the Corporation’s directors, officers or control persons was a director, officer or control person at the time, has ever declared bankruptcy or been involved in a voluntary assignment in bankruptcy, a proposal under any bankruptcy or insolvency legislation, any proceeding, arrangement or compromise with creditors, or the appointment of a receiver, receiver manager or trustee to hold assets during the last 10 years.

### 3.4 Loans

No debenture or loan is due to or from the directors, management, promoters and principal holders as at a date not more than 30 days prior to the date of this Offering Memorandum.

## Item 4. Capital Structure

### 4.1 Share Capital

Description of security	Number authorized to be issued	Price Per Security (\$)	Number outstanding as at the date of this Offering Memorandum	Number outstanding assuming completion of Offering
Common Shares	No maximum	-	52,295,234	57,295,234
Options <sup>(1)</sup>	n/a	-	2,900,000 <sup>(2)</sup>	2,900,000 <sup>(2)</sup>
Warrants <sup>(1)</sup>	n/a	-	5,408,931 <sup>(2)</sup>	7,908,931 <sup>(2)</sup>

(1) For particulars of options and warrants, see “Convertible Securities” below.

(2) Number of Option Shares, being those Common Shares issuable on exercise of stock options

(3) Number of Warrant Shares, being those Common Shares issuable on the exercise of warrants.

### Convertible Securities

#### *Options*

The Corporation adopted a rolling 10% incentive stock option plan (the “**Option Plan**”) on July 15, 2014, by which it may grant options to directors, officers, employees and consultants, exercisable to purchase, in the aggregate, no more

than 10% of the total number of Common Shares issued and outstanding at the time of grant. (The full text of the Option Plan is available at [www.sedar.com](http://www.sedar.com) under the Corporation's profile where it was filed as a material document on July 17, 2014.)

By agreements dated July 15, 2014, the Corporation granted directors and officers of the Corporation incentive stock options exercisable to purchase an aggregate of 600,000 Common Shares at an exercise price of \$0.80 per share until July 15, 2016, all of which options vested at a rate of 25% every 3 months beginning on July 15, 2014. On June 30, 2015, all stock options were cancelled.

By agreements dated December 18, 2015, the Corporation granted directors, officers and consultants of the Corporation incentive stock options exercisable to purchase an aggregate of 2,900,000 Common Shares at an exercise price of \$0.20 per share until December 18, 2020. All of the options vest at a rate of 25% of the shares every 3 months from the date of grant, except those granted to GwanJe Woo which vest immediately as he has served as CEO of the Corporation since its inception.

As of the date of this Offering Memorandum, there are options issued and outstanding to purchase a total of 2,900,000 Common Shares.

#### *Warrants*

As part of a non-brokered private placement of units that closed on May 11, 2015, the Corporation issued warrants exercisable to purchase an aggregate of up to 935,708 Common Shares at an exercise price of \$0.55 per share for a period of 5 years until May 11, 2020.

As part of a non-brokered private placement of units that closed on July 27, 2015, the Corporation issued warrants exercisable to purchase an aggregate of up to 778,858 Common Shares at an exercise price of \$0.40 per share for a period of 5 years until July 27, 2020.

As part of a non-brokered private placement of units that closed on July 28, 2015, the Corporation issued warrants exercisable to purchase an aggregate of up to 448,797 Common Shares at an exercise price of \$0.40 per share for a period of 5 years until July 28, 2020.

As part of a non-brokered private placement of units that closed on September 25, 2015, the Corporation issued warrants exercisable to purchase an aggregate of up to 1,863,302 Common Shares at an exercise price of \$0.40 per share for a period of 5 years until September 25, 2020.

As part of a non-brokered private placement of units that closed on November 30, 2015, the Corporation issued warrants exercisable to purchase an aggregate of up to 1,382,265 Common Shares at an exercise price of \$0.40 per share for a period of 5 years until November 30, 2020.

As part of this Offering of units expected to close on January 27, 2016 or such other date as the Board may determine, the Corporation proposes to issue Warrants exercisable to purchase an aggregate of up to 2,500,000 Common Shares at an exercise price of \$0.40 per share for a period of 5 years from the issuance date of the Warrants.

Other than as disclosed above, the Corporation has issued no other securities convertible, exchangeable or exercisable into Common Shares.

## **4.2 Long Term Debt Securities**

<b>Description of long term debt (including whether secured)</b>	<b>Interest rate</b>	<b>Repayment terms</b>	<b>Amount outstanding at November 30, 2015<sup>(1)</sup> (\$)</b>
Not applicable.	n/a	n/a	Nil

<sup>(1)</sup> As at a date not more than 30 days prior to the date of this Offering Memorandum.

### 4.3 Prior Sales

The table below sets out details regarding the issuance of securities of the class being offered under this Offering Memorandum during the last 12 months:

Date of issuance	Type of security issued	Number of securities issued	Price per security (\$)	Total funds received (\$)
February 28, 2014 <sup>(1)</sup>	Common Shares	5,700,000	0.02	114,000
March 3, 2014 <sup>(2)</sup>	Common Shares	10,000	0.10	1,000
March 6, 2014 <sup>(3)</sup>	Common Shares	2,300,000	0.005	11,500
April 11, 2014 <sup>(4)</sup>	Common Shares	500,000	0.10	50,000
April 28, 2014 <sup>(5)</sup>	Common Shares	-400,000	0.02	-8,000
June 10, 2014 <sup>(6)</sup>	Common Shares	2,000,000	0.10	200,000
<b>Total before Split<sup>(7)</sup></b>	Common Shares	<b>10,110,000</b>	n/a	0
<b>Total after Split<sup>(7)</sup></b>	Common Shares	<b>40,440,000</b>	n/a	0
January 23, 2015 <sup>(8)</sup>	Common Shares	1,037,382	0.50	518,691
May 11, 2015 <sup>(9)</sup>	Common Shares	1,871,413	0.44	823,422
July 27, 2015 <sup>(10)</sup>	Common Shares	1,557,716	0.30	467,315
July 28, 2015 <sup>(11)</sup>	Common Shares	897,594	0.30	269,278
September 25, 2015 <sup>(12)</sup>	Common Shares	3,726,604	0.30	1,117,980
November 30, 2015 <sup>(13)</sup>	Common Shares	2,764,525	0.30	829,357
<b>TOTAL</b>		<b>52,295,234</b>		<b>\$ 4,394,543</b>

- (1) Shares issued by Orca Mobile to various investors by private placement.
- (2) Shares issued by Orca Mobile to an investor by private placement.
- (3) Shares issued by the Corporation to Orca Mobile shareholders pursuant to the 1:1 share exchange under the Plan of Arrangement.
- (4) Shares issued by the Corporation to accredited investors by private placement.
- (5) Shares cancelled and returned to treasury, and payment returned to subscriber, upon rescission of subscription agreement by a single subscriber to the February 28, 2014 private placement in Orca Mobile.
- (6) Shares issued by the Corporation to A. Brown by private placement.
- (7) Forward stock split of the Corporation's Common Shares on a 1:4 basis effective July 9, 2014, as detailed in Item 2.3 Development of Business.
- (8) Shares issued by the Corporation to various investors by way of a private placement.
- (9) Shares issued by the Corporation to various investors by way of a private placement of units, which units included warrants exercisable to purchase up to an aggregate of 935,708 Common Shares.
- (10) Shares issued by the Corporation to various investors by way of a private placement of units, which units included warrants exercisable to purchase up to an aggregate of 778,858 Common Shares.
- (11) Shares issued by the Corporation to various investors by way of a private placement of units, which units included warrants exercisable to purchase up to an aggregate of 448,797 Common Shares.
- (12) Shares issued by the Corporation to various investors by way of a private placement of units, which units included warrants exercisable to purchase up to an aggregate of 1,863,302 Common Shares.
- (13) Shares issued by the Corporation to various investors by way of a private placement of units, which units included warrants exercisable to purchase up to an aggregate of 1,382,265 Common Shares

## Item 5. Securities Offered

### 5.1 Terms of Securities

The securities being offered by this Offering Memorandum are a maximum of up to 5,000,000 Units. Each Unit shall consist of one Common Share and one half of one warrant. Each whole warrant (each, a "Warrant") shall be exercisable to purchase one additional Common Share at an exercise price of \$0.40 for a period of 5 years from the issuance date of the Warrants.

### Meeting Attendance and Voting Rights

The holders of the Common Shares are entitled to receive notice of, attend and vote at all meetings of shareholders. Each Common Share entitles the holder to one vote.

### Redemption and Retraction Rights

There are no redemption or retraction rights attached to the Common Shares.

### Dividends

The Corporation's Board may declare dividends on the Common Shares in such amounts, at such times and in such a manner as the directors may determine in their absolute discretion, subject to the provisions of the *Business Corporations Act* (British Columbia).

## **5.2 Subscription Procedure**

To subscribe for the Units offered hereunder, you must complete and deliver to the Corporation on or before 5:00 p.m. (Pacific Standard Time) on **Wednesday, January 27, 2016** (being two full business days before the proposed Closing Date), or such other date as the Board may determine:

- (a) a signed and completed page 1 of the Subscription Agreement;
- (b) a signed and completed page 2 of the Subscription Agreement (being the Risk Acknowledgement); and
- (c) a wire transfer\*, certified cheque, money order or bank draft for the full amount of the subscription price payable to **"Orca Touchscreen Technologies Ltd."**

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\* *Funds delivered by wire transfer will be accounted for as the amount deposited into the Corporation's bank account, after adjustment for currency exchange and bank charges, if any. Accordingly, the number of Units purchased will be subject to adjustment by the Corporation to correspond with the funds actually deposited into the Corporation bank account.*

Funds delivered to the Corporation for purchase of the Units will be held in trust for a period of two days from the date that the Corporation receives the Subscription Agreement and payment from you.

Subscriptions for Units will be received, subject to rejection and allotment, in whole or in part, and subject to the Corporation's right to close the subscription books at any time without notice. The Corporation reserve the right to reject any subscription for Units in whole or in part. If a subscription for Units is not accepted, the Corporation will promptly return all subscription proceeds to the purchaser without interest.

Closings may occur periodically as determined by the Corporation's Board. It is expected that certificates representing the Units will be available for delivery within a reasonable period of time after the relevant closing date.

### Distribution

This offering is being conducted in all provinces and territories of Canada pursuant to exemptions from the prospectus requirements. The Corporation is relying on the following exemptions and any others that may be available:

- (a) the exemption afforded by Section 2.9 of National Instrument 45-106 *Prospectus Exemptions* ("**NI 45-106**") for investors (other than residents of Ontario) who purchase as principals and receive this Offering Memorandum prior to signing any of the documents in the Appendices; and

- (b) the exemption afforded by Section 2.10 of NI 45-106 investors who are not individuals, who purchase as principal and invest at least \$150,000 to purchase Units.

The foregoing exemptions relieve the Corporation from any obligations under the applicable securities legislation to file and obtain a receipt for a prospectus. Accordingly, prospective investors will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

## **Item 6. Income Tax Consequences and RRSP Eligibility**

### **6.1 Independent Professional Adviser**

**You should consult your own professional advisors to obtain advice on the income tax consequences that apply to you.**

### **6.2 Income Tax Consequences**

Tax consequences are not a material aspect of the securities being offered.

### **6.3 RRSP Eligibility**

Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisors to obtain advice on the RRSP eligibility of these securities.

## **Item 7. Compensation Paid to Sellers and Finders**

The Corporation intends to pay compensation to the Finder in connection with this Offering equal to up to 20% of the gross proceeds of the Units purchased by subscribers introduced to the Corporation by the Finder, payable in cash.

## **Item 8. Risk Factors**

This offering and any investment in the Units involves a high degree of risk. You should carefully consider the risks described below and all of the information contained in this Offering Memorandum before deciding whether to purchase any Units. If any of the following risks actually occur, the Corporation business, financial condition and results of operations could be harmed and you may lose all or part of your investment.

**The Corporation lacks an operating history and has not yet completed a definitive agreement as to the Guatemala Joint Venture, and Sollen Guatemala has not yet received any contractual orders for products. There is no assurance that the Corporation's future operations will result in revenues or profits. If the Corporation cannot generate sufficient revenues to operate profitably, the Corporation may suspend or cease its operations.**

The following are certain factors relating to the Corporation's business which prospective investors should carefully consider before deciding whether to purchase any securities. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Offering Memorandum. These risks and uncertainties are not the only ones the Corporation is facing. Additional risk and uncertainties not presently known to us, or that the Corporation currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Corporation's operations could be materially adversely affected.

### **Forward Looking Information**

Certain information set out in this Offering Memorandum includes or is based upon intentions, expectations, estimates, predictions, projections, assumptions and other “forward looking information”. Such forward looking information includes projections or estimates made by the Corporation about its future business operations. While such forward looking statements and the assumptions underlying them are made in good faith and reflect the Corporation’s current judgment regarding the direction of its business, actual results will almost certainly vary (sometimes materially) from any intentions, estimates, predictions, projections, assumptions or other type of performance suggested here.

### **Market Risk for Securities**

The Common Shares are listed for trading on the CSE, the Frankfurt Stock Exchange and the OTCQB marketplace (part of OTC Markets Group). There can be no assurance that an active trading market for the Common Shares will be sustained. The market price of the Common Shares can be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Corporation’s peers and competitors, as well as overall market movements, may have a significant impact on the market price of the Corporation’s securities. Stock exchanges have from time to time experienced extreme price and volume fluctuations, particularly in the technology sector, which have often been unrelated to the operating performance of particular companies.

### **Technology Risk**

The Corporation’s Products and Services are dependent upon advanced technologies which are susceptible to rapid technological change. There can be no assurance that the Products or Services will not be seriously affected by, or become obsolete as a result of, such technological changes.

There is a risk that technologies similar to the Corporation’s Products and Services could reach the market before the Corporation does, that similar products and services may be developed after the Products that include features more appealing to users, or that use advanced technology not incorporated in the Products or the Services. There is also a risk that consumers will not accept or adopt the Products or the Services. The occurrence of any of these events could decrease the amount of interest generated in the Products and the Services, and prevent the Corporation from generating revenues or reduce the revenue generating potential of the Products and the Services.

### **Licensing Risk**

There are risks related to the License Agreement between the Corporation and Sollensys, in that Sollensys suspended its operations in January 2012 due to a shortage of funds. As a consequence, Sollensys suspended development and was unable to submit development status reports to the Korean Institute for Advancement of Technology (“KIAT”). In December 2012, KIAT filed a lawsuit against Sollensys to recover subsidies it provided to Sollensys in 2011 for development. In May 2015, KIAT settled the lawsuit against Sollensys. Although it no longer operates its manufacturing facility, Sollensys still owns its intellectual property. The Corporation’s ability to generate revenues from the License Agreement is limited to exploitation of Sollensys’ intellectual property by such means as sublicensing and providing the Licensed Services.

### **No Operating History Risk**

The Corporation is a start-up company with no operating history and have acquired the License for the Licensed Technology and the Licensed Products from Sollensys, but have not yet entered any definitive agreements for the manufacture, assembly, sales or distribution of the Products. The Corporation will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risks that it will be unable to acquire and distribute its proposed Products, establish a market for the Products, achieve its growth objectives or become profitable. The Corporation anticipates that it may take several years to achieve positive cash flow from operations. There can be no assurance that there will be consumer demand for the Products or that the Corporation will become profitable.

### **Competitive and Pricing Risk**

The markets for touchscreen-equipped products are fragmented, highly competitive and rapidly changing. With the introduction of technological advances and new entrants into these markets at a rapid pace, the Corporation expects competition to intensify in the future, which could harm its ability to develop a customer base for the

Products and Services, and to begin generating revenue. The Corporation intends to offer its Products and Services to a broad client base. The Corporation expects its Products to compete with those of a number of well-established manufacturers and distributors of smartphones, tablets and other touchscreen devices.

The Corporation's potential competitors may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, may have more extensive customer bases and broader customer relationships and may have longer operating histories and more brand recognition. In some cases, these companies may choose to offer their technology at lower prices or rates in response to new competitors entering the market. If the Corporation is unable to compete with such companies, it may be unable to establish demand for the Products and Services which could adversely affect the establishment of its operations and its ability to begin generating revenues.

### **Intellectual Property Risk**

As at the date of this Offering Memorandum, Sollen Guatemala is in the process of obtaining a license to use the Sollen Tradename and the Sollen Trademark. The success of the Corporation's business depends in part on the its ability to protect the intellectual property rights associated with the Products. The Corporation has not acquired the intellectual property rights relating to any of the Products, except the Purchased Patent relating to the Invention. The Corporation proposes to use the Licensed Technology and Licensed Patents owned by Sollensys and, while Sollensys has protected its technology with various patents, trademarks and copyrights, there can be no assurance that other manufacturers will not develop similar technology or that Sollensys will vigorously police and defend unauthorized use of the Licensed Technology and the Licensed Patents, measures that can be difficult and costly. Foreign countries may not protect intellectual property rights to the same extent as Canada. To protect intellectual property rights in the future, the Corporation may take further precautions and may pursue litigation, which may result in substantial expenses, divert the attention of management, cause significant delays, materially disrupt the conduct of the Corporation's business or adversely affect its revenues, financial condition and results of operation.

### **Advertising and Promotional Risk**

The Corporation's future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional costs, including its ability to (i) create brand recognition for the Products and the Services; (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 Corporation business in the future, or will generate awareness of the Corporation's technologies or services. In addition, no assurance can be given that the Corporation will be able to manage its advertising and promotional costs on a cost-effective basis.

### **Uninsured or Uninsurable Risk**

The Corporation may become subject to liability for risks against which it cannot insure or against which the Corporation 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 Corporation's usual business activities. Payment of liabilities for which the Corporation does not carry insurance may have a material adverse effect on its financial position and operations.

### **Conflicts of Interest Risk**

Certain of the Corporation'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 and the Services. 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 Corporation'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 officers have a fiduciary duty to act honestly and in good faith with a view to the Corporation's best interests. However, in conflict of interest situations, the Corporation's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Corporation. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to us.

**Key Personnel Risk**

*The Corporation's success will depend on its directors and officers to develop the Corporation's business and manage its operations, and on the Corporation'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 Corporation'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 the Corporation will be able to attract or retain key personnel in the future, which may adversely impact its operations.*

**Speculative Nature of Investment Risk**

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

**Liquidity and Future Financing Risk**

*The Corporation is in the development stage, have not started operating and have not generated any revenue. The Corporation will likely operate at a loss until its business becomes established and it may require additional financing in order to fund future operations and expansion plans. As at the date of this Offering Memorandum, given working capital estimated to be \$690,000 and the costs of its short-term objectives estimated at \$2,844,989, the Corporation needs to obtain net proceeds of approximately \$2,154,989 from this Offering to carry out all the short-term objectives of its business plan. However, the Corporation does not yet have a commitment from anyone to invest the funds. The Corporation's ability to secure any future financing that may be required to sustain its operations will depend in part upon prevailing capital market conditions, as well as its business success. There can be no assurance that the Corporation will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to the Corporation's management. If additional financing is raised by issuing Common Shares in the Corporation's authorized capital, control of its company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Corporation may be required to scale back its business plan or cease operating.*

**Going-Concern Risk**

*The financial statements of the Corporation 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 Corporation'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 the Corporation 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 the Corporation 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. The Corporation will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for the Products and the Services. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, the Corporation is subject to liquidity risks in meeting its 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 Corporation's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to it and its management. If uncertain market conditions persist, the Corporation's ability to raise capital could be jeopardized, which could have an adverse impact on the its operations and the trading price of its Common Shares on the CSE.*



**Dividend Risk**

*The Corporation has not paid dividends in the past and does not anticipate paying dividends in the near future. The Corporation expects to retain its earnings to finance further growth and, when appropriate, to retire debt.*

### **Share Price Volatility Risk**

*The Common Shares are listed for trading on the CSE, the Frankfurt Stock Exchange and the OTCQB marketplace (part of OTC Markets Group). As such, external factors outside of the Corporation 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 Common Shares. Global stock markets (including the CSE, the Frankfurt Stock Exchange and the OTCQB) 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.*

### **Foreign Political Risk**

*The operations of the Guatemala Joint Venture take place in a factory located in Guatemala. The Guatemala LOI which relates to the Guatemala Joint Venture is governed by the laws of Guatemala. The Corporation plans to establish business partnerships and marketing and R&D offices in developing countries in Central America, South America and Southeast Asia. Accordingly, a substantial portion of the Corporation's business may be exposed to various degrees of political, economic and other risks and uncertainties. The Corporation's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of governmental orders, permits or agreements pertaining to property rights, political unrest, labor disputes, limitations on repatriation of earnings, limitations on foreign ownership, inability to obtain or delays in obtaining necessary production permits, opposition to production operations from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.*

## **Item 9. Reporting Obligations**

As a reporting issuer, the Corporation is required to comply with the provisions of National Instrument 51-102 *Continuous Disclosure Obligations*, which includes the periodic filing of its financial statements and reporting all material information.

For its CSE listing, the Corporation is required to comply with the provisions of CSE Policy 6 *Timely Disclosure, Trading Halts and Posting Requirements*.

For its Frankfurt Stock Exchange listing, the Corporation has no reporting obligations.

For its OTCQB listing, the Corporation is obliged to file continuous disclosure documents, being all documents except news releases that it files under National Instrument 51-102 and under CSE policies.

## **Item 10. Resale Restrictions**

### **10.1 General Statement**

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

**Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and one day after the distribution date.**

**Pursuant to the terms and conditions of the accompanying Subscription Agreement, you are restricted from selling your securities before the date that is six months and one day after the date on which they are issued.**

## 10.2 Restricted Period

See 10.1 above.

## 10.3 Manitoba Resale Restrictions

Not applicable, as no trades will take place in Manitoba.

## Item 11. Purchasers' Rights

**If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.**

### 11.1 Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Corporation by midnight on the second business day after you sign the agreement to buy the securities.

### 11.2 Statutory Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Corporation to cancel your agreement to buy these securities, or
- (b) for damages against the Corporation.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the purchase of the securities. You must commence an action for damages within the earlier of 180 days after you have knowledge of the facts giving rise to the cause of action and three years after the purchase of the securities.

### 11.3 Contractual Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue the Corporation:

- (a) to cancel your agreement to buy these securities, or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Corporation proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Corporation has a defense if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the securities.

## **Item 12. Financial Statements**

Attached to this Offering Memorandum as Schedules are:

- Schedule A the Corporation's unaudited financial statements for the third quarter ended September 30, 2015;
- Schedule B the Corporation's audited financial statements for the year ended December 31, 2014; and
- Schedule C audited financial statements of Orca Mobile for the period from its incorporation on December 17, 2013 to December 31, 2013.

**Schedule A**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**as at September 30, 2015**

*[Inserted as the following pages]*



**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**  
**(Unaudited)**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

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Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
(Expressed in Canadian Dollars)  
(Unaudited)

	September 30, 2015	December 31, 2014
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 281,496	\$ 26,106
Accounts receivable	11,070	-
Current portion of prepaid expenses (note 8 and 11)	840,996	60,179
	1,133,562	86,285
Prepaid expenses (note 8 and 11)	680,000	-
Investment (note 4)	112,080	112,080
Intangible assets (note 3)	50,000	50,000
	\$ 1,975,642	\$ 248,365
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 37,088	\$ 61,853
Due to related parties (note 7)	3,000	8,000
Short - term loan (note 6)	-	110,929
	40,088	180,782
<b>Shareholders' equity</b>		
Share capital (note 5)	2,583,523	368,500
Share subscription (note 11)	249,384	-
Reserve (note 5)	913,218	185,479
Deficit	(1,810,571)	(486,396)
	1,935,554	67,583
	\$ 1,975,642	\$ 248,365

**Nature of operations and going concern** (Note 1)

**Subsequent event** (Note 11)

Approved and authorized by the Board:

/s/ "Seong-Mo Jeong"  
**Seong-Mo Jeong**

Director

/s/ "Jong Hyub Choi"  
**Jong Hyub Choi**

Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



**ORCA TOUCHSCREEN TECHNOLOGIES LTD.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
<b>EXPENSES</b>				
Audit and accounting fees	-	-	24,126	-
Business development (note 8 and 11)	271,657	-	696,657	-
Consulting fees	(302,385)	20,322	150,600	36,378
Filing and regulatory	6,866	8,012	32,365	28,152
General and administrative	2,772	7,017	66,094	11,976
Interest recovery (note 6)	-	-	(874)	-
Investor relations	75,423	-	75,423	-
Legal fees	38,566	9,694	154,638	51,964
Management fees (note 7)	24,000	22,750	67,000	33,878
Royalty payments (note 3)	-	-	12,000	-
Share-based payment (note 5)	-	104,252	18,104	104,252
Travel	4,339	1,250	28,042	1,250
<b>Loss and comprehensive loss for the period</b>	<b>(121,238)</b>	<b>(173,297)</b>	<b>(1,324,175)</b>	<b>(267,850)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>45,276,301</b>	<b>34,217,778</b>	<b>43,012,955</b>	<b>21,794,667</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(Expressed in Canadian Dollars)

(Unaudited)

	Nine months ended	
	September 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,324,175)	(267,850)
Items not affecting cash:		
Share based payments	18,104	104,252
Changes in non-cash working capital items:		
Accounts receivable	(11,070)	(5,555)
Prepaid expenses	(1,460,817)	(18,275)
Accounts payable and accrued liabilities	(24,765)	8,976
Due to related parties	(5,000)	-
	<u>(2,807,723)</u>	<u>(178,452)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placements, net of share issue costs	2,924,658	368,500
Loan payable	(110,929)	44,424
Share subscription	249,384	-
	<u>3,063,113</u>	<u>412,924</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Intangible assets	-	(50,000)
Advance royalty payment	-	(29,000)
Investment in joint venture	-	(112,080)
	<u>-</u>	<u>(191,080)</u>
<b>Change in cash during the period</b>	255,390	43,392
<b>Cash, beginning of period</b>	26,106	1
<b>Cash, end of period</b>	<u>\$ 281,496</u>	<u>\$ 43,393</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

Nine months ended September 30, 2015 and 2014

(Unaudited)

	Share capital		Reserve	Share Subscription	Deficit	Total
	Number	Amount				
<b>Balance, January 1, 2014</b>	9,200,000	\$ 11,500	\$ -	\$ 8,000	\$ (11,999)	\$ 7,501
Issuance of common shares	31,240,000	357,000	-	(8,000)	-	349,000
Share-based payments expense (note 5)	-	-	104,252	-	-	104,252
Loss and comprehensive loss for the period	-	-	-	-	(267,850)	(267,850)
<b>Balance, September 30, 2014</b>	<b>40,440,000</b>	<b>\$ 368,500</b>	<b>\$ 104,252</b>	<b>\$ -</b>	<b>\$ (279,849)</b>	<b>\$ 192,903</b>

	Share capital		Reserve	Share Subscription	Deficit	Total
	Number	Amount				
<b>Balance, January 1, 2015</b>	40,440,000	\$ 368,500	\$ 185,479	\$ -	\$ (486,396)	\$ 67,583
Issuance of common shares (note 5)	1,037,382	518,691	-	-	-	518,691
Issuance of common shares and share purchase warrants (note 5)	8,053,327	1,968,361	709,635	-	-	2,677,996
Share issue costs (note 5)	-	(272,029)	-	-	-	(272,029)
Share subscription (note 11)	-	-	-	249,384	-	249,384
Share-based payments expense (note 5)	-	-	18,104	-	-	18,104
Loss and comprehensive loss for the period	-	-	-	-	(1,324,175)	(1,324,175)
<b>Balance, September 30, 2015</b>	<b>49,530,709</b>	<b>\$ 2,583,523</b>	<b>\$ 913,218</b>	<b>\$ 249,384</b>	<b>\$ (1,810,571)</b>	<b>\$ 1,935,554</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# ORCA TOUCHSCREEN TECHNOLOGIES LTD.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2015 and 2014

(Unaudited)

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### 1. NATURE OF OPERATIONS

Orca Touchscreen Technologies Ltd. (the "Company" or "Orca Touchscreen") was incorporated on December 31, 2013 under the *Business Corporation Act* of British Columbia. The head office of the Company is 1500 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At September 30, 2015, the Company has not achieved profitable operations and has accumulated losses of \$1,810,571 since inception and expects to incur further losses in the development of its business, all of which cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

### 2. BASIS OF PREPARATION

#### Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 26, 2015.

#### Basis of Consolidation and Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis in Canadian dollars, which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Certain comparative information has been reclassified to conform to the financial statement presentation adopted for the current year.

#### Basis of Measurement

The condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs.

The condensed consolidated interim financial statements are presented in Canadian dollars which is also the Company's functional currency.

#### Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2015 and 2014

(Unaudited)

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Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements are the classification of financial instruments and the going concern assumption.

### 3. INTANGIBLE ASSETS

On May 12, 2014, the Company, through its wholly-owned subsidiary Orca Mobile, entered into an asset purchase agreement and a patent and technology license agreement, both with Sollensys Corporation ("Sollensys"), a company based in South Korea.

In accordance with these agreements, the Company acquired:

- i. Sollensys' apparatus for folding and laminating touch sensor panels to produce touchscreens and the related patent for \$50,000 (paid);
- ii. an exclusive 6-year worldwide license to use all of Sollensys' technology and patents for consideration of a royalty payable as to
  - 10% on gross revenues received from the patents and
  - 80% of the net revenues received by 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 are payable \$4,000 per month on the first day of each month beginning July 1, 2014 as a guaranteed advance payment of the royalty. During the period ended March 31, 2015, the Company incurred \$12,000 (As at December 31, 2014 - \$24,000) in royalty payments pursuant to the terms of the agreement and advanced another \$26,708 towards future royalty payments.

Sollensys is a related party to the Company as its principal shareholder, senior officer and a director is GwanJe (Frank) Woo, CEO and President of the Company, and another of Sollensys' senior officers and directors is Seong-Mo (Kevin) Jeong, a director of the Company (note 7).

### 4. LETTER OF INTENT

On September 30, 2014, the Company entered into a non-binding letter of intent with Sollensys and Mr. Carlos Fernando Rivers Sandoval, governing the proposed incorporation of a Guatemala joint venture company called Sollen-Mobile SA for the purpose of developing, manufacturing and marketing computer and telecommunications hardware and software. The initial paid-in capital of Sollen-Mobile is proposed to be US\$300,000, of which the Company paid US\$100,000 (\$112,080 CDN) for its proposed one-third share of the investment. The Company is currently working towards completing a definitive agreement for the project.

### 5. SHARE CAPITAL AND RESERVES

- a) Authorized share capital

Unlimited number of common shares without par value.

- b) Issued share capital

At September 30, 2015, the Company had 49,530,709 common shares issued and outstanding (December 31, 2014 – 40,440,000).

- i. On January 23, 2015, the Company issued 1,037,382 common shares at a price of \$0.50 for gross proceeds of \$518,691;
- ii. On May 11, 2015, the Company completed a private placement of 1,871,413 units at a price of \$0.44 for gross proceeds of \$823,422. Each unit is comprised of one common share and one-half warrant. The Company paid finders a commission of \$83,643 which was recorded as a share issuance cost. In connection with the private placement, the Company issued 1,871,413 shares;

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2015 and 2014

(Unaudited)

- iii. On July 27, 2015, the Company completed a private placement of 1,557,716 units at a price of \$0.30 for gross proceeds of \$467,315. Each unit is comprised of one common share and one-half warrant. The Company paid finders a commission of \$47,469 which was recorded as a share issuance cost. In connection with the private placement, the Company issued 1,557,716 shares;
- iv. On July 28, 2015, the Company completed a private placement of 897,594 units at a price of \$0.30 for gross proceeds of \$269,278. Each unit is comprised of one common share and one-half warrant. The Company paid finders a commission of \$27,353 which was recorded as a share issuance cost. In connection with the private placement, the Company issued 897,594 shares; and
- v. On September 25, 2015, the Company completed a private placement of 3,726,604 units at a price of \$0.30 for gross proceeds of \$1,117,981. Each unit is comprised of one common share and one-half warrant. The Company paid finders a commission of \$113,564 which was recorded as a share issuance cost. In connection with the private placement, the Company issued 3,726,604 shares.

#### c) Escrow Agreement

Pursuant to a stock restriction agreement, the transfer of 8,902,000 common shares of the Company was restricted. The restricted shares are released from such restrictions at 10% on the CSE listing date (being June 13, 2014) and an additional 15% every six months thereafter with the final tranche being released on June 13, 2017. As at September 30, 2015, 5,341,200 common shares of the Company are subject to transfer restrictions.

#### d) Stock options

On July 15, 2014, the Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire, in the aggregate, up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of five years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the greater of the closing market prices of the common shares on (i) the trading day prior to the date of grant and (ii) the date of grant, pursuant to Canadian Securities Exchange Policy 6.

On July 15, 2014, the Company granted 600,000 stock options at an exercise price of \$0.80 expiring on July 15, 2016 to its director and officers. These stock options vest at 25% every three months following the date of grant, with the first vesting on October 15, 2014. On June 30, 2015, the Company cancelled the 600,000 stock options. During the period ended September 30, 2015, the Company recorded \$18,104 (2014 - \$104,252) of share based payments expense on the vested stock options. The fair value of the options was determined using the Black Scholes option pricing model with the following assumptions:

	2015	2014
Risk-free interest rate	0.57~0.98%	1.10%
Annualized volatility	100%	100%
Expected dividend yield	Nil	Nil
Expected option life in years	1.00~1.29	1.54~1.75

Details of stock options activity is as follows:

	Number of options	Weighted Average Exercise Price
Balance outstanding, December 31, 2013	-	-
Granted	600,000	\$0.80
Balance outstanding, December 31, 2014	600,000	\$0.80
Cancelled	(600,000)	\$0.80
Balance outstanding, September 30, 2015	-	-

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2015 and 2014

(Unaudited)

#### e) Warrants

- i. On May 11, 2015, in connection with the completion of the private placement (note 6(b)(ii)), the Company issued 935,708 warrants whereby each warrant holder is entitled to purchase one Company share at an exercise price of \$0.55 for a period of 5 years from the issuance date of such warrant;
- ii. On July 27, 2015, in connection with the completion of the private placement (note 6(b)(iii)), the Company issued 778,859 warrants whereby each warrant holder is entitled to purchase one Company share at an exercise price of \$0.40 for a period of 5 years from the issuance date of such warrant;
- iii. On July 28, 2015, in connection with the completion of the private placement (note 6(b)(iv)), the Company issued 448,797 warrants whereby each warrant holder is entitled to purchase one Company share at an exercise price of \$0.40 for a period of 5 years from the issuance date of such warrant; and
- iv. On September 25, 2015, in connection with the completion of the private placement (note 6(b)(v)), the Company issued 1,863,302 warrants whereby each warrant holder is entitled to purchase one Company share at an exercise price of \$0.40 for a period of 5 years from the issuance date of such warrant.

The fair value of the warrants was determined using the Black Scholes option pricing model with the following assumptions:

	2015
Risk-free interest rate	0.81%~0.96%
Annualized volatility	100%
Expected dividend yield	Nil
Expected warrant life in years	5.0

Details of warrants activity is as follows:

	Number of warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2014	-	-
Granted	4,026,666	\$0.44
Balance outstanding, September 30, 2015	4,026,666	\$0.44

The weighted average remaining life of outstanding warrants is 4.85 years.

#### 6. SHORT-TERM LOANS

During 2014, a total of \$106,729 (\$92,000 USD) in short-term loans was received by the Company from its directors and a person related to an officer of the Company to fund the proposed joint venture in Guatemala (note 4).

During 2014, the Company received \$40,000 USD from one of its directors and \$10,000 USD from a person related to an officer of the Company. The loans bear interest at 25 percent per annum, are unsecured and are for a term of 2 months. As of December 31, 2014, interest of \$3,377 (\$2,911 USD) was accrued.

In October 2014, the Company received \$42,000 USD from a director of the Company. The loan bears interest of 8 percent per annum, is unsecured and payable on demand. As of December 31, 2014, interest of \$822 (\$709 USD) was accrued.

During the period ended September 30, 2015, all outstanding loans and accrued interest was repaid.

#### 7. RELATED PARTY TRANSACTIONS

Related party transactions are comprised of services rendered by directors and/or officers of the Company and a company controlled by a former officer of the Company. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

- a) Key management personnel are the Chief Executive Officer, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2015 and 2014

(Unaudited)

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- paid or accrued management and consulting fees of \$67,000 (2014 - 33,878); and
- share based payments expense of \$18,104 (2014 - \$104,252).

As at June 30, 2015 \$3,000 (December 31, 2014 - \$8,000) is due to an officer of the Company for unpaid management fees.

- b) On May 12, 2014, the Company, through its wholly-owned subsidiary Orca Mobile, entered into an asset purchase agreement and a patent and technology license agreement, both with Sollensys Corporation ("Sollensys"), a company based in South Korea. Sollensys is a related party to the Company as its principal shareholder, senior officer and a director is GwanJe (Frank) Woo, CEO and President of the Company, and another of Sollensys' senior officers and directors is Seong-Mo (Kevin) Jeong, a director of the Company (Note 4).
- c) During 2014, the Company paid Sollensys \$50,000 for an apparatus for folding and laminating touch sensor panels to produce touchscreens and its related patent, and advanced Sollensys a total of \$62,708 in royalty payments.

During 2014, a total of \$92,000 USD in short-term loans were received by the Company from certain of its directors and a person related to an officer of the Company to fund the proposed joint venture in Guatemala (Notes 5 and 7). As of December 31, 2014, interest of \$4,199 was accrued. During the period ended September 30, 2015, \$50,000 of short-term loans and applicable interest of \$3,377 (\$2,911 USD) was repaid and the balance of \$42,000 USD was repaid and interest forgiven. As at September 30, 2015, no short-term loans were outstanding.

## 8. COMMITMENTS

On January 30, 2015, the Company entered into a consulting agreement (the "IR Agreement") with Primoris Group Inc. ("Primoris"), of Toronto, Ontario, by which Primoris will act as the Company's investor relations consultant by providing proactive, customized investor and media relations services at a rate of \$6,000 per month. The initial term of the agreement is for 1 year, beginning January 16, 2015, and the term renews automatically on a month-to-month basis until terminated by either party on 30 days' written notice.

On March 18, 2015, the Company entered into a service agreement ("Service Agreement") with a private equity and venture capital firm based in Singapore (the "Firm") pursuant to which the Firm will provide business development services at a rate of \$85,000 per month for the first nine months starting February 2015 and \$5,000 per month for each month thereafter. The initial term of the agreement is three years, unless terminated by either party on thirty days' written notice. The Company has advanced \$900,000 to the Firm as pre-payment for services.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Financial Instruments

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities and loans payable 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 September 30, 2015, the Company had a cash balance of \$281,496 to settle current liabilities of \$40,088.



## ORCA TOUCHSCREEN TECHNOLOGIES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2015 and 2014

(Unaudited)

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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 developments of its technology, such capital to be derived from 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 development of its technology, 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 the success of its technology. 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 June 30, 2015, 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.

## 10. CAPITAL MANAGEMENT

The Company considers capital to be an element 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 sale and distribution of its products. 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.

## **ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

Three and Nine Months Ended September 30, 2015 and 2014

(Unaudited)

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#### **11. SUBSEQUENT EVENTS**

On October 20, 2015, the Company announced a private placement of up to 33,333,333 units of the Company at a purchase price of \$0.30 per unit to raise gross proceeds of up to \$10,000,000. Each unit will be comprised of one common share and one-half warrant. Each whole warrant will be exercisable into one common share of the Company at an exercise price of \$0.40 per share for a period of 5 years.

On October 31, 2015, the Company and the Firm agreed to amend the Service Agreement by changing the monthly rate to \$42,500 to better reflect the value of services provided, starting November 2015 and thereafter until the end of the three year term. During the period ended September 30, 2015, the Company advanced an additional amount of \$1,012,500 to the Firm.

On November 17, 2015, the Company and Primoris agreed to amend the IR Agreement to better reflect the fees invoiced by and paid to Primoris since inception of the IR Agreement, by changing the monthly rate to \$6,000 subject to such discount as Primoris in its sole discretion may indicate in its invoices to the Company for services from time to time and payable on the last day of the month in which services are rendered.

**Schedule B**

**AUDITED FINANCIAL STATEMENTS  
to DECEMBER 31, 2014**

*[Inserted as the following pages]*



**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

p | 604.683.3277  
f | 604.684.8464

SUITE 1735, TWO BENTALL CENTRE  
555 BURNARD STREET  
BOX 243  
VANCOUVER, BC V7X 1M9



charlton & company  
CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To: the Shareholders of  
**Orca Touchscreen Technologies Ltd.**

We have audited the accompanying consolidated financial statements of Orca Touchscreen Technologies Ltd., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2014 and 2013 and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Orca Touchscreen Technologies Ltd. as at December 31, 2014 and 2013 and its financial performance and cash flows for the years ended December 31, 2014 and 2013 in accordance with International Financial Reporting Standards.

### **Emphasis of Matters**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

***"Charlton & Company"***

**CHARTERED ACCOUNTANTS**

Vancouver, British Columbia  
April 17, 2015

#127016-2

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(Expressed in Canadian Dollars)

As at December 31	2014	2013
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 26,106	\$ 8,000
Prepaid expenses	60,179	-
	86,285	8,000
Investment (Note 5)	112,080	-
Intangible assets (Note 4)	50,000	-
	\$ 248,365	\$ 8,000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 61,853	\$ 499
Due to related parties (Note 8)	8,000	-
Short - term loan (Note 7)	110,929	-
	180,782	499
<b>Shareholders' equity</b>		
Share capital (Note 6)	368,500	11,500
Share subscription	-	8,000
Reserve (Note 6)	185,479	-
Deficit	(486,396)	(11,999)
	67,583	7,501
	\$ 248,365	\$ 8,000

**Nature of operations and going concern** (Note 1)  
**Subsequent events** (Note 12)

Approved and authorized by the Board:

"/s/ Jong Myung Choi"

**Jong Myung Choi**

Director

"/s/ Jong Hyub Choi"

**Jong Hyub Choi**

Director

The accompanying notes are an integral part of these consolidated financial statements.

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
**CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	December 31, 2014	For the period from incorporation on December 17, 2013 to December 31, 2013
<b>EXPENSES</b>		
Audit and accounting fees	\$ 28,181	\$ -
Consulting fees (Note 8)	16,325	-
Cost of going public	11,700	-
Filing and regulatory	41,966	-
General and administrative	28,053	-
Interest expense (Note 7)	4,334	-
Legal fees	88,431	11,999
Management fees (Note 8)	36,878	-
Royalty payments (Note 4)	24,000	-
Share-based payment (Notes 6 and 8)	185,479	-
Travel	9,049	-
<b>Loss and comprehensive loss for the year</b>	<b>\$ (474,396)</b>	<b>\$ (11,999)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>\$ 33,182,795</b>	<b>\$ 2,300,000</b>

The accompanying notes are an integral part of these consolidated financial statements.

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	December 31, 2014	For the period from incorporation on December 17, 2013 to December 31, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (474,397)	\$ (11,999)
Items not affecting cash		
Interest accrued	4,200	
Share based payments	185,479	-
Changes in non-cash working capital items:		
Prepaid expenses	(60,179)	-
Accounts payable and accrued liabilities	61,354	499
Due to related parties	8,000	
	<u>(275,543)</u>	<u>(11,500)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placements	357,000	11,500
Loan payable	106,729	-
Share subscription	(8,000)	8,000
	<u>455,729</u>	<u>19,500</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Intangible assets	(50,000)	-
Investment in joint venture	(112,080)	-
	<u>(162,080)</u>	<u>-</u>
<b>Change in cash during the year</b>	18,106	8,000
<b>Cash, beginning of year</b>	<u>8,000</u>	<u>-</u>
<b>Cash, end of year</b>	<u>\$ 26,106</u>	<u>\$ 8,000</u>

The accompanying notes are an integral part of these consolidated financial statements.



**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
for the period from Incorporation on December 17, 2013 to December 31, 2014  
(Expressed in Canadian Dollars)

	Share capital		Reserve	Share Subscription	Deficit	Total
	Number	Amount	Share-Based Payments			
<b>Balance, at Incorporation December 17, 2013</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued for cash (Note 6)	9,200,000	11,500	-	-	-	11,500
Share subscription received	-	-	-	8,000	-	8,000
Loss for the period	-	-	-	-	(11,999)	(11,999)
<b>Balance, December 31, 2013</b>	9,200,000	11,500	-	8,000	(11,999)	7,501
Shares issued for cash (Note 6)	22,800,000	114,000	-	(8,000)	-	106,000
Shares issued for cash (Note 6)	40,000	1,000	-	-	-	1,000
Shares issued for cash (Note 6)	2,000,000	50,000	-	-	-	50,000
Shares returned to treasury (Note 6)	(1,600,000)	(8,000)	-	-	-	(8,000)
Shares issued for cash (Note 6)	8,000,000	200,000	-	-	-	200,000
Share-based compensation (Note 6)	-	-	185,479	-	-	185,479
Loss and comprehensive loss for the year	-	-	-	-	(474,397)	(474,397)
<b>Balance, December 31, 2014</b>	40,440,000	\$ 368,500	\$ 185,479	\$ -	\$ (486,396)	\$ 67,583

The accompanying notes are an integral part of these consolidated financial statements.

**1. NATURE OF OPERATIONS**

Orca Touchscreen Technologies Ltd. (the “Company” or “Orca Touchscreen”) was incorporated on December 31, 2013 under the *Business Corporation Act* of British Columbia. The head office of the Company is 1500 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At December 31, 2014, the Company has not achieved profitable operations and has accumulated losses of \$486,396 since inception and expects to incur further losses in the development of its business, all of which cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent on its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

**2. BASIS OF PREPARATION**

**Statement of Compliance**

These financial statements for the period ended December 31, 2014, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements were authorized for issue by the Board of Directors on April 17, 2015.

**Basis of Consolidation and Presentation**

The consolidated financial statements have been prepared on a historical cost basis in Canadian dollars, which is the Company’s functional currency. Functional currency is the currency of the primary economic environment in which an entity operates.

These consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiary Orca Mobile Solutions Ltd. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

**Basis of Measurement**

The financial statements have been prepared on an accrual basis and are based on historical costs.

The financial statements are presented in Canadian dollars which is also the Company’s functional currency.

**Use of Estimates and Judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements are the classification of financial instruments and the going concern assumption.

### **Significant Accounting Policies**

The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

#### **Cash**

The Company's cash consists of amounts held in trust.

#### **Basic and Diluted Loss Per Share**

Basic losses per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted losses per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. No potentially dilutive securities were issued during the period. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

#### **Financial Instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following three categories depending on the purpose for which the instruments were acquired: Financial assets at fair value through profit or loss ("FVTPL"), available for sale ("AFS") financial assets or loans and receivable.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The Company's financial assets include cash and is classified as loans and receivable.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL or other financial liabilities, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company's financial liabilities include accounts payable. Subsequent to initial recognition, accrued financial liabilities are measured at amortized cost using the effective interest method. All are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of the available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets or liabilities.

## **Income taxes**

### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred income tax

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## **Intangible assets**

Intangible assets consist of touchscreen technology and patent acquired externally and are recorded at cost less accumulated amortization and impairment losses.

Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet certain criteria for deferral and amortization. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

## **Impairment of tangible and intangible assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Accounting standards issued but not yet applied:

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of these new and revised accounting pronouncements.

IFRS 9 – *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

### **3. PLAN OF ARRANGEMENT**

On January 6, 2014, the Company entered into an arrangement agreement which included a statutory plan of arrangement (the “Arrangement”) with Gorilla Minerals Corp. (“Gorilla”) and Orca Mobile Solutions Ltd. (“Orca Mobile”). Gorilla is a reporting issuer in the provinces of Alberta and British Columbia.

Pursuant to the Arrangement, the following principal steps were completed on March 6, 2014:

- a) the Company acquired all the issued and outstanding shares of Orca Mobile from all shareholders of Orca Mobile through a 1-for-1 share exchange;
- b) Orca Mobile acquired all issued and outstanding shares of the Company from Gorilla for consideration of \$10,000 (the “Purchase Shares”);
- c) Gorilla issued 4 common shares to the Company and, in turn, the Company issued 4,000 common shares to Gorilla (collectively, the “Exchange Shares”); and
- d) 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.

As a result of the Arrangement, the former shareholders of Orca Mobile, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the Arrangement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. As Orca Mobile is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on December 17, 2013 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of Orca Mobile in accordance with IFRS 3, Business Combinations. The Company’s results of operations are included from March 6, 2014 onwards. At the time of the execution of the Arrangement, the Company had no net identifiable assets. Accordingly, no reverse acquisition transaction costs were recognized.

### **4. INTANGIBLE ASSETS**

On May 12, 2014, the Company, through its wholly-owned subsidiary Orca Mobile, entered into an asset purchase agreement and a patent and technology license agreement, both with Sollensys Corporation (“Sollensys”), a company based in South Korea.

In accordance with these agreements, the Company acquired:

- I. Sollensys’ apparatus for folding and laminating touch sensor panels to produce touchscreens and the related patent for \$50,000 (paid);
- II. an exclusive 6-year worldwide license to use all of Sollensys’ technology and patents for consideration of a royalty payable as to
  - 10% on gross revenues received from the patents and
  - 80% of the net revenues received by 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 are payable \$4,000 per month on the first day of each month beginning July 1, 2014 as a guaranteed advance payment of the royalty.

During the year ended December 31, 2014, the Company incurred \$24,000 in royalty payments pursuant to the terms of the agreement and advanced another \$38,708 towards future royalty payments.

Sollensys is a related party to the Company as its principal shareholder, senior officer and a director is GwanJe (Frank) Woo, CEO and President of the Company, and another of Sollensys' senior officers and directors is Seong-Mo (Kevin ) Jeong, a director of the Company (Note 8).

## **5. LETTER OF INTENT**

On September 30, 2014, the Company entered into a non-binding letter of intent with Sollensys and Mr. Carlos Fernando Rivers Sandoval, governing the proposed incorporation of a Guatemala joint venture company called Sollen-Mobile SA for the purpose of developing, manufacturing and marketing computer and telecommunications hardware and software. The initial paid-in capital of Sollen-Mobile is proposed to be US\$300,000, of which the Company paid US\$100,000 (\$112,080 CDN) for its proposed one-third share of the investment. The Company is currently working towards a definitive agreement for the project.

## **6. SHARE CAPITAL AND RESERVES**

### **a) Authorized share capital**

Unlimited number of common shares without par value.

### **b) Issued share capital**

On July 11, 2014, the Company completed a four-for-one forward stock split. The Company executed the forward split using the push-out method whereby the shareholders on record as of July 11, 2014 kept the share certificates they then held and were issued additional shares. All references herein to numbers of shares and per-share amounts have been retroactively restated unless stated otherwise.

- i. On December 17, 2013, the Company issued 9,200,000 common shares at a price of \$0.001 per common share for gross proceeds of \$11,500.
- ii. On February 28, 2014, the Company issued 22,800,000 common shares at a price of \$0.005 per common share for gross proceeds of \$114,000.
- iii. On March 3, 2014, the Company issued 40,000 common shares at a price of \$0.025 per common share for gross proceeds of \$1,000.
- iv. On April 11, 2014, the Company issued 2,000,000 common shares at a price of 0.025 per common share for a total value of \$50,000.
- v. On April 28, 2014, 1,600,000 common shares of the Company were cancelled and returned to treasury, and \$8,000 refunded to the investor.
- vi. On June 10, 2014, the Company issued 8,000,000 common shares were issued for \$0.025 per share for gross proceeds of \$200,000;

### **c) Escrow Agreement**

Pursuant to a stock restriction agreement, the transfer of 8,902,000 common shares of the Company was restricted. The restricted shares are released from such restrictions at 10% on the CSE listing date (being June 13, 2014) and an additional 15% every six months thereafter with the final tranche being released on June 13, 2017. As at December 31, 2014, 6,676,500 common shares of the Company are subject to transfer restrictions.

### **d) Stock options**

On July 15, 2014, the Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire, in the aggregate, up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of five years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the greater of the closing market prices of the common shares on (i) the trading day prior to the date of grant and (ii) the date of grant, pursuant to Canadian Securities Exchange Policy 6.

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2014  
(Expressed in Canadian Dollars)

On July 15, 2014, the Company granted 600,000 stock options at an exercise price of \$0.80 expiring on July 15, 2016 to its director and officers. These stock options vest at 25% every three months following the date of grant, with the first vesting on October 15, 2014. During the year ended December 31, 2014, the Company recorded \$185,479 of share based compensation on the vested stock options. The fair value of the options was determined using the Black Scholes option pricing model with the following assumptions – Risk-free interest rate of 1.1% Dividend yield of \$Nil; Expected volatility of 100%; Expected life of 1.54 – 1.75 years.

Details of stock options activities for the year ended December 31, 2014 is as follows:

	Number of options	Weighted Average Exercise Price
Balance outstanding, December 31, 2013	-	-
Granted	600,000	\$0.80
Balance outstanding, December 31, 2014	600,000	\$0.80
Balance exercisable December 31, 2014	448,505	\$0.80

The weighted average remaining life is 1.79 years.

d) Warrants

The Company has no share purchase warrants outstanding.

f) Reserve

The Company's equity reserve is entirely comprised of share-based payments.

**7. SHORT-TERM LOANS**

During 2014, a total of \$92,000 USD (\$106,729 CDN) in short-term loans were received by the Company from its directors and the person related to the officer of the Company to fund the proposed joint venture in Guatemala (Note 5).

During 2014, the Company received \$40,000 USD from one of its directors and \$10,000 USD from a person related to an officer of the Company. The loans bear interest at 25 percent per annum, are unsecured and are for a term of 2 months. As of December 31, 2014, interest of \$2,911 USD (\$3,377 CDN) was accrued.

In October 2014, the Company received \$42,000 USD from a director of the Company. The loan bears interest of 8 percent per annum, is unsecured and payable on demand. As of December 31, 2014, interest of \$709 USD (\$822 CDN) was accrued.

Subsequent to December 31, 2014, all loans and accrued interest were paid.

**8. RELATED PARTY TRANSACTIONS**

Related party transactions are comprised of services rendered by directors and/or officers of the Company and a company controlled by a former officer of the Company. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

1. Key management personnel are the Chief Executive Officer, 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 \$36,878.

As at December 31, 2014 \$8,000 (2013 - \$Nil) is due to an officer of the company for unpaid management fees.

2. On May 12, 2014, the Company, through its wholly-owned subsidiary Orca Mobile, entered into an asset purchase agreement and a patent and technology license agreement, both with Sollensys Corporation ("Sollensys"), a company based in South Korea. Sollensys is a related party to the Company as its principal shareholder, senior officer and a director is GwanJe (Frank) Woo, CEO and President of the Company, and

**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2014  
(Expressed in Canadian Dollars)

another of Sollensys' senior officers and directors is Seong-Mo (Kevin) Jeong, a director of the Company (Note 4).

During 2014, the Company paid Sollensys \$50,000 for an apparatus for folding and laminating touch sensor panels to produce touchscreens and its related patent, and advanced Sollensys a total of \$62,708 in royalty payments.

- During 2014, a total of \$92,000 USD in short-term loans were received by the Company from certain of its directors and a person related to an officer of the Company to fund the proposed joint venture in Guatemala (Notes 5 and 7). As of December 31, 2014, interest of \$4,199 was accrued. Subsequently, all the principal of these loans and related interest was paid.

**9. INCOME TAX**

The difference between tax expense for the periods and the expected income taxes based on the statutory tax rate arises as follows:

	2014	2013
	\$	\$
Net loss for the period	(474,396)	(11,999)
Expected tax recovery at a combined federal and provincial rate of 26% (2013 - 25%)	(123,343)	(3,000)
Net adjustments for deductible and non-deductible items	48,225	-
Tax benefit not recognized	75,118	3,000
Deferred income tax recovery	-	-

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered:

	2014	2013
	\$	\$
Non-capital loss carry forwards	78,238	3,000
Total unrecognized deferred tax assets	78,238	3,000

Management had determined that the realization of the potential income tax benefits related to the non-capital losses is uncertain at this time, and cannot be viewed as more likely than not. Accordingly, the Company has recorded the potential deferred income tax asset.

At December 31, 2014, the Company has Canadian non-capital losses of \$300,916 (2013 - \$11,999) which, if not utilized to reduce income in future periods, expire through 2034.



## **10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Financial Instruments**

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities and loans payable 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 December 31, 2014, the Company had a cash balance of \$26,106 to settle current liabilities of \$180,782.

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 developments of its technology, such capital to be derived from 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 development of its technology, 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 the success of its technology. 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 December 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.

**11. CAPITAL MANAGEMENT**

The Company considers capital to be an element 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 sale and distribution of its products. 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.

**12. SUBSEQUENT EVENTS**

On January 23, 2015, the Company closed a private placement of 1,037,382 common shares at a price of \$0.50 for gross proceeds of \$518,691. The shares are subject to a 6-month hold period from the closing date.

On January 26, 2015 the Company announced a private placement of up to 10,000,000 units of the Company at a price \$0.56 per unit for gross proceeds of up to \$5,600,000. Each unit will be comprised of one common share and one-half warrant. Every whole warrant will be exercisable into one common share of the Company at an exercise price of \$0.70 for 5 years.

On March 12, 2015, the Company entered into a service agreement with a private equity and venture capital firm based in Singapore (the "Firm") pursuant to which the Firm will provide business development services at a rate of CAD\$85,000 per month for the first nine months and CAD\$5,000 per month for each month thereafter. The initial term of the agreement is three years, unless terminated by either party on thirty days' written notice. The Company has advanced CAD\$750,000 to the Firm as payment for services.

**Schedule C**

**AUDITED FINANCIAL STATEMENTS OF  
ORCA MOBILE SOLUTIONS LTD.  
TO DECEMBER 31, 2013**

*[Inserted as the following pages]*

**Item 13. Date and Certificate**

Dated: December 18, 2015

**This Offering Memorandum does not contain a misrepresentation.**

*/s/ "GwanJe Woo"*

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**GwanJe Woo**  
Chief Executive Officer

*/s/ "Jong Hyub Choi"*

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**Jong Hyub Choi**  
Director

*/s/ "Michael Malana"*

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**Michael Malana**  
Chief Financial Officer

*/s/ "Soo Rae Park"*

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**Soo Rae Park**  
Director