ORCA TOUCHSCREEN TECHNOLOGIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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charlton

charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S 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, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2015 and 2014 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, 2015 and 2014 and its financial performance and cash flows for the years ended December 31, 2015 and 2014 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 29, 2016

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

As at December 31	2015	2014
ASSETS		
Current		
Cash	$ 384,829	$ 26,106
Restricted cash	5,750	-
Accounts receivable	15,089	-
Prepaid expenses (Note 5 and 15)	137,157	60,179
	542,825	86,285
Loan receivable (Note 4)	100,000	-
Intangible assets (Note 5)	40,674	50,000
Investment (Note 6)	112,080	112,080
	$ 795,579	$ 248,365
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 44,883	$ 61,853
Short-term loan (Note 7)	-	110,929
Due to related parties (Note 11)	2,645	8,000
	47,528	180,782
Shareholders' equity		
Share capital (Note 10)	3,080,976	368,500
Share subscription (Note 15)	926,901	-
Reserve (Note 10)	1,014,666	185,479
Deficit	(4,274,492)	(486,396)
	748,051	67,583
	$ 795,579	$ 248,365

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved and authorized by the Board:

/s/ "Soo Rae Park"	Director	*/s/ "Yong Chul Kim"*	Director
Soo Rae Park		**Yong Chul Kim**	

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

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

	December 31, 2015	December 31, 2014
EXPENSES		
Amortization of intangible asset (Note 5)	9,326	-
Audit and accounting fees	49,626	28,181
Business development (Note 8)	2,492,308	-
Consulting fees	400,800	16,325
Cost of going public	-	11,700
Filing and regulatory	39,139	41,966
General and administrative	76,076	28,053
Interest expense (recovery) (Note 7)	(253)	4,334
Investor relations (Note 9)	34,423	-
Legal fees	421,359	88,431
Management fees (Note 11)	73,145	36,878
Royalty payments (Note 5 and 11)	48,000	24,000
Share-based payment (Notes 10 and 11)	90,883	185,479
Travel	53,264	9,049
Loss and comprehensive loss for the year	(3,788,096)	(474,396)
Basic and diluted loss per common share	(0.08)	(0.01)
Weighted average number of common shares outstanding	44,890,581	33,182,795

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

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

	December 31, 2015	December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(3,788,096)	(474,397)
Items not affecting cash:		
Interest accrued on short-term loan	-	4,200
Amortization of intangible assets	9,325	-
Share based payments	90,883	185,479
Changes in non-cash working capital items:		
Accounts receivable	(15,089)	
Prepaid expenses	(76,978)	(60,179)
Accounts payable and accrued liabilities	(16,970)	61,354
Due to related parties	(5,355)	8,000
	(3,802,280)	(275,543)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements - shares	4,026,045	357,000
Share issue costs	(575,264)	-
Loan payable	(110,929)	106,729
Share subscription	926,901	(8,000)
	4,266,753	455,729
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	(5,750)	-
Loan receivable	(100,000)	-
Intangible assets	-	(50,000)
Investment in joint venture	-	(112,080)
	(105,750)	(162,080)
Change in cash during the year	358,723	18,106
Cash, beginning of year	26,106	8,000
Cash, end of year	$ 384,829	$ 26,106

Other Supplemental Disclosure:

Interest paid	$ 4,200	$ -
Income tax paid	$ -	$ -

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

ORCA TOUCHSCREEN TECHNOLOGIES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the years ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Share capital					
	Number	Amount	Reserve	Share Subscription	Deficit	Total
Balance, December 31, 2013	9,200,000	$ 11,500	$ -	$ 8,000	$ (11,999)	$ 7,501
Shares issued for cash (Note 10)	32,840,000	365,000	-	(8,000)	-	357,000
Shares returned to treasury (Note 10)	(1,600,000)	(8,000)	-	-	-	(8,000)
Share-based compensation (Note 10)	-	-	185,479	-	-	185,479
Loss and comprehensive loss for the year	-	-	-	-	(474,397)	(474,397)
Balance, December 31, 2014	40,440,000	368,500	185,479	-	(486,396)	67,583
Shares issued for cash (Note 10)	1,037,382	518,691	-	-	-	518,691
Share units issued for cash (Note 10 and 15)	10,817,852	2,769,049	738,304	-	-	3,507,353
Shares subscribed (Note 15)	-	-	-	926,901	-	926,901
Share unit issue costs (Note 10)	-	(575,264)	-	-	-	(575,264)
Share-based compensation (Note 10)	-	-	90,883	-	-	90,883
Loss and comprehensive loss for the year	-	-	-	-	(3,788,096)	(3,788,096)
Balance, December 31, 2015	52,295,234	$ 3,080,976	$ 1,014,666	$ 926,901	$ (4,274,492)	$ 748,051

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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. The Company has invested in touchscreen technology in an effort to develop and sell electronic devices.

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, 2015, the Company has not achieved profitable operations and has accumulated losses of $4,274,492 (2014 – $486,396) since inception and expects to incur further losses in the development of its business. This material uncertainty may 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. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements for the year ended December 31, 2015, 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 29, 2016.

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 and it's wholly-owned subsidiary'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 subsidiary. All significant intercompany transactions and balances have been eliminated.

(a) 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 and the subsidiary's functional currency.

(b) Significant accounting estimates and judgments

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgments

Critical accounting judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Intangible assets

The recoverability of expenditures incurred on its intangible. The Company evaluates these amounts at least annually for indicators of impairment.

Critical accounting estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Assumptions used in the calculation of the fair value assigned to share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions, including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

(c) Cash and restricted cash

Cash includes cash on deposit at financial institutions.

Restricted cash consists of a GIC held at the bank to secure the Company corporate credit card

(d) Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income (loss), except to the extent that it relates to items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current and deferred income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(e) Capital stock

The proceeds from the exercise of stock options and warrants and the cost initially recognized on their issuance are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Commissions paid to agents, and other related share issue costs, such as finder's fees, legal, auditing, and printing, on the issue of the Company's shares are charged directly to capital stock.

Valuation of equity units issued in private placements

The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a residual value basis. The fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model.

Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(f) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Amounts related to the issuance of shares are recorded as a reduction of capital stock.

When the value of goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to capital stock, and adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation or settlement as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the revised vesting period.

(g) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Loans and receivables are comprised of cash and a loan receivable.

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Other financial liabilities include accounts payable and accrued liabilities, due to related parties and short-term loans.

(h) Intangible assets

Intangible assets consist of touchscreen technology and patents acquired externally and are recorded at cost less accumulated amortization and impairment losses. The intangible assets are being amortized on a straight-line basis over 5.63 years starting January 1, 2015.

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.

(i) 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 11 (Amendments) – Business Combination Accounting for Interests in a Joint Operation

On May 6, 2014, the IASB issued amendments to *IFRS 11, Accounting for Acquisitions of Interests in Joint Operations*. The amendments require business combination accounting to be applied to acquisitions in a joint operation that constitute a business.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. The Company intends to adopt the amendments to IFRS 11 in its financial statements for the fiscal year beginning on January 1, 2016.

IAS 1 (Amendments) – Disclosure Initiative

On December 18, 2014, the IASB issued amendments to *IAS 1 Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports (the “Disclosure Initiative”). The amendments will not require any significant change to current practice, but should facilitate improve financial statement disclosures.

The amendments are effective for annual periods beginning on or after January 1, 2016. The Company intends to adopt the amendments to IAS 1 in its financial statements for the fiscal year beginning on January 1, 2016.

IFRS 9 – Financial Instruments

On July 24, 2014, the IASB issued the complete IFRS 9 - Financial Instruments, “IFRS 9 (2014)”. IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new ‘expected credit loss’ model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The Company intends to adopt IFRS 9 (2014) in its financial statements for the fiscal year beginning on January 1, 2018.

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.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model in the recognition of revenue to be applied to all contracts with customers. The five steps in the model are as follows:

- identify the contract with the customer
- identify the performance obligations in the contract
- determine the transaction price
- allocate the transaction price to the performance obligations in the contracts
- recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 is applicable to the Company's annual periods beginning on or after January 1, 2018.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 38)

Amends IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendments IAS 38 are applicable to the Company's annual periods beginning on or after January 1, 2016.

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.

As a result of the securities exchange with Gorilla, on 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.

(Expressed in Canadian Dollars)

4. LOAN RECEIVABLE

On December 11, 2015, the Company, through its wholly-owned subsidiary Orca Mobile, agreed to advance the principal amount of $200,000 to an unrelated third party, Smart Sollen Inc. ("Smart Sollen") of Seoul, Korea to be used to develop its operations to procure and sell electronic components to various joint venture companies in which the Orca Mobile will have an interest (Note 6). The principal amount was advanced in two instalments: $100,000 on December 11, 2015 and $100,000 on 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 fifth 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 which will entitle Orca Mobile to appoint a majority of the members of the board of directors of Smart Sollen. If on the sixth 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 aforementioned and Orca Mobile will be entitled to appoint a majority of the directors as aforementioned.

5. INTANGIBLE ASSETS

On May 12, 2014, the Company, through its wholly-owned subsidiary Orca Mobile, entered into an Assets Purchase and Patent and Technology license agreements with Sollensys Corporation ("Sollensys"), a company incorporated and based in South Korea.

In accordance with these agreements, the Company acquired:

i. Sollensys' patent for folding and laminating touch sensor panels to produce touchscreens for $50,000 (paid);

ii. an exclusive 6-year worldwide license to use all of Sollensys' technology and remaining 18 patents for consideration of a royalty payable as to:

- 10% on gross revenues derived from the patents; and
- 80% of the net revenues received 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 as to $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, the Company incurred $48,000 (2014 - $24,000) in royalty payments pursuant to the terms of the agreement and advanced $NIL (2014 - $38,708) towards future royalty payments.

Sollensys is a related party to the Company as its principal shareholder, a senior officer and a director is GwanJe (Frank) Woo, a principal shareholder and CEO and President of the Company (Note 8).

The intangible assets are being amortized on a straight-line basis over 5.63 years starting January 1, 2015. The accumulated amortization as at December 31, 2015 is $9,326 (2014 - $NIL)

		2015		2014
Cost	$	50,000	$	50,000
Accumulated amortization		(9,326)		-
Ending balance	$	40,674	$	50,000

6. INVESTMENT

On September 30, 2014, the Company entered into a 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 ("Sollen Guatemala") for the purpose of developing, manufacturing and marketing computer and telecommunications hardware and software. The initial paid-in capital of Sollen Guatemala was US$300,000, of which the Company paid US$100,000 ($112,080 CDN) for its 30% share of the investment.

On February 11, 2016, the Company, through its wholly-owned subsidiary, Orca Mobile, entered into a definitive agreement for the joint venture which governs the investment in and the management of Sollen Guatemala.

7. SHORT-TERM LOANS

In October 2014, the Company received $40,000 USD from a director and $10,000 USD from a person related to an officer of the Company. These loans bore interest at 25 percent per annum, were unsecured, and had a term of 2 months. As at December 31, 2014, interest of $2,911 USD ($3,378 CDN) was accrued.

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

These loans were received by the Company to fund the proposed joint venture operation in Guatemala (Note 5).

During 2015, the total loans outstanding of $92,000 USD ($106,729 CDN) and accrued interest of $3,620 USD ($4,200 CDN) were repaid. In addition, the holders of the loans agreed to discharge the Company from its responsibility to pay the interest accrued on the loans in 2015.

8. BUSINESS DEVELOPMENT

On March 18, 2015, the Company entered into a service agreement with a private equity and venture capital firm based in Singapore pursuant to which the firm agreed to provide business development services. The initial term of the agreement is three years, unless terminated by either party on thirty days' written notice.

For the year ended December 31, 2015, business development expenses were $2,492,308 (2014 - $NIL). The expenses incurred in 2015 were for services provided by a firm based in Singapore.

Subsequently, by amendment dated October 31, 2015, the Company and the Firm agreed to change the Firm's compensation to fees at a rate of $500 per hour as invoiced.

9. INVESTOR RELATIONS

On January 30, 2015, the Company entered into a consulting agreement with Primoris Group Inc. ("Primoris"), of Toronto, Ontario, by which Primoris agreed to act as the Company's investor relations consultant by providing proactive, customized investor and media relations services. The initial term of the agreement was for 1 year, beginning January 2015. The term renews automatically on a month-to-month basis until terminated by either party on 30 days' written notice. In 2015, the Company paid $28,000 (2014 - $NIL) to Primoris for investor relation services rendered.

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Stock split

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 kept the share certificates they currently held and the shareholders on record as of July 11, 2014 were issued additional shares. All references herein to numbers of shares and per-share amounts have been restated in post-split terms unless stated otherwise.

c) Issued share capital

As at December 31, 2015, 52,295,234 common shares were issued and outstanding (2014 – 40,440,000).

i. 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;
ii. 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;
iii. 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;

iv. 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;

v. 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;

vi. On January 23, 2015, the Company issued 1,037,382 common shares at a price of $0.50 for gross proceeds of $518,691;

vii. On May 11, 2015, the Company completed a private placement of 1,871,413 units at a price of $0.44 per unit for gross proceeds of $823,422. Each unit is comprised of one common share and one-half warrant. The Company issued 935,708 warrants whereby each warrant holder is entitled to purchase one common share of the Company at an exercise price of $0.55 for a period of 5 years from the issuance date of such warrant. The Company paid finders a commission of $150,054 which was recorded as a share issuance cost;

viii. On July 27, 2015, the Company completed a private placement of 1,557,716 units at a price of $0.30 per unit for gross proceeds of $467,315. Each unit is comprised of one common share and one-half warrant. The Company issued 778,859 warrants whereby each warrant holder is entitled to purchase one common share of the Company at an exercise price of $0.40 for a period of 5 years from the issuance date of such warrant The Company paid finders a commission of $77,972 which was recorded as a share issuance cost;

ix. On July 28, 2015, the Company completed a private placement of 897,594 units at a price of $0.30 per unit for gross proceeds of $269,278. Each unit is comprised of one common share and one-half warrant. The Company issued 448,797 warrants whereby each warrant holder is entitled to purchase one common share of the Company at an exercise price of $0.40 for a period of 5 years from the issuance date of such warrant. The Company paid finders a commission of $44,930 which was recorded as a share issuance cost;

x. On September 25, 2015, the Company completed a private placement of 3,726,604 units at a price of $0.30 per unit for gross proceeds of $1,117,981. Each unit is comprised of one common share and one-half warrant. The Company issued 1,863,302 warrants whereby each warrant holder is entitled to purchase one common share of the Company at an exercise price of $0.40 for a period of 5 years from the issuance date of such warrant. The Company paid finders a commission of $139,273 which was recorded as a share issuance cost;

xi. On November 30, 2015, the Company completed a private placement of 2,764,525 units at a price of $0.30 per unit for gross proceeds of $829,358. Each unit is comprised of one common share and one-half warrant. The Company issued 1,382,265 warrants whereby each warrant holder is entitled to purchase one common share of the Company at an exercise price of $0.40 for a period of 5 years from the issuance date of such warrant. The Company paid finders a commission of $163,035 which was recorded as a share issuance cost.

d) Escrow Agreement

Pursuant to a stock restriction agreement, 8,902,000 common shares of the Company are subject to restrictions on transfer. The restricted shares are to be released at 10% on the listing date and an additional 15% every six months thereafter with the final tranche being released on June 13, 2017. As at December 31, 2015, 4,005,900 (2014 - $6,676,500) common shares of the Company are restricted.

e) Stock options

On July 15, 2014, the Company adopted a stock option plan authorizing the Company to grant options to officers, directors, employees and consultants 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 to its director and officers stock options exercisable to purchase an aggregate of 600,000 common shares at an exercise price of $0.80 expiring on July 15, 2016. These stock options vested at 25% every three months following the date of grant with the first vesting on October 15, 2014. These options expired in 2015.

On December 18, 2015, the Company granted to its directors, officers and certain consultants stock options exercisable to purchase an aggregate of 2,900,000 common shares at an exercise price of $0.20 expiring on December 18, 2020. Of these stock options, 1,200,000 vest immediately with the remainder vesting at 25% every three months following the date of grant with the first vesting on March 18, 2016.

(Expressed in Canadian Dollars)

The fair value of options granted during the years ended December 31, 2015 and 2014 was determined using the Black-Scholes pricing model with the following assumptions:

	2015	**2014**
Risk-free interest rate	0.74%	1.10%
Annualized volatility	100%	100%
Expected dividend yield	Nil	Nil
Expected option life in years	4.97~5.00	1.54~1.75

For the year ended December 31, 2015, share based compensation expense of $90,883 (2014 - $185,479) based on the grant date fair value of the awards recognized over the vesting period, was recorded in net loss.

Details of stock options activities for the year ended December 31, 2015 are as follows:

	Number of options	**Exercise Price**
Balance outstanding, December 31, 2013	-	-
Granted	600,000	$0.80
Balance outstanding, December 31, 2014	600,000	$0.80
Granted	2,900,000	$0.20
Expired	(600,000)	$0.80
Balance outstanding, December 31, 2015	2,900,000	$0.20
Balance exercisable, December 31, 2015	1,200,000	$0.20

The weighted average remaining life of options outstanding is 4.97 years.

The weighted average fair value of stock options issued in 2015 is $0.30 (2014 - $0.35).

f) Warrants

The fair value of warrants issued was determined using the Black Scholes 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	**Exercise Price**	**Expiry Date**
Balance outstanding, December 31, 2014 and 2013	-	$ -	-
May 11, 2015 private placement	935,708	0.55	2020-05-11
July 27, 2015 private placement	778,859	0.40	2020-07-27
July 28, 2015 private placement	448,797	0.40	2020-07-28
September 25, 2015 private placement	1,863,302	0.40	2020-09-25
November 30, 2015 private placement	1,382,265	0.40	2020-11-30
Balance outstanding, December 31, 2015	5,408,931	$0.43	-

(Expressed in Canadian Dollars)

The weighted average remaining life of warrants outstanding is 4.68 years.

The weighted average fair value of warrants issued in 2015 is $0.19 (2014 - $NIL).

g) Reserve

The Company's equity reserve is comprised of share-based payments and the fair value of warrants issued.

11. RELATED PARTY TRANSACTIONS

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

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

	Year ended December 31, 2015	Year ended December 31, 2014
Management fees	$ 73,145	$ 36,878
Accounting fees	7,500	-
Legal fees	17,189	-
Share-based payments	90,883	-
	$ 188,717	$ 36,878

As at December 31, 2015 $2,645 (2014 - $8,000) was due to officers of the Company for unpaid management fees.

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. Sollensys is a related party to the Company as its principal shareholder, a senior officer and a director is GwanJe (Frank) Woo, a principal shareholder and CEO and President of the Company (Note 5).

During 2014, the Company paid Sollensys $50,000 in consideration of a patent for folding and laminating touch sensor panels to produce touchscreens; the payment was capitalized as an intangible asset (Note 5). In 2015 the Company paid $48,000 (2014 - $24,000) in royalty payments for continuing use of the patent. In 2015 the Company prepaid Sollensys a total of $NIL (2014 - $38,708) 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 the officer of the Company to fund the joint venture in Guatemala (Notes 5 and 7). As at December 31, 2014, interest of $4,200 was accrued. All the principal of these loans and related interest was paid in 2015.

(Expressed in Canadian Dollars)

12. INCOME TAX

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

	2015	2014
	$	$
Net loss for the period	(3,788,096)	(474,396)
Expected tax recovery at a combined federal and provincial rate of 26%	(984,905)	(123,343)
Net adjustments for deductible and non-deductible items	(3,378)	48,225
Tax benefit not recognized	988,283	75,118
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:

	2015	2014
	$	$
Non-capital loss carry forwards	1,066,521	78,238
Total unrecognized deferred tax assets	1,066,521	78,238

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, 2015, the Company has Canadian non-capital losses of $4,102,005 (2014 - $300,916) which, if not utilized to reduce income in future periods will expire as follows:

Expiry of income tax non-capital loss carry-forwards	
December 31, 2033	$ 11,999
December 31, 2034	288,917
December 31, 2035	3,801,089
	$ 4,102,005

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs for the asset or liability that are not based upon observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, loans receivable accounts payable and accrued liabilities and short-term 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, 2015, the Company had a cash balance of $384,829 to settle current liabilities of $47,528.

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, loans receivable, and short-term investments. The Company limits exposure to credit risk on liquid financial assets by 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. The loan receivable (Note 4) carries moderate credit risk but this risk is mitigated by default terms attached to the loan receivable.

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, 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 business is conducted in South Korea and Guatemala in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations between the Canadian dollar and the US dollar. Fluctuations in the exchange rate between 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, the Company expects competition to intensify in the future, which could harm the Company's ability to develop a customer base for its products and to begin generating revenue.

14. CAPITAL MANAGEMENT

The Company considers capital to be the sole 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.

15. SUBSEQUENT EVENTS

During 2015, finder's fees of $108,850 were paid for shares that were subscribed but not yet issued and are included in prepaid expenses for the year ended December 31, 2015. These fees will be allocated to the share issue costs in 2016.

As at December 31, 2015, the Company had received share subscriptions of $926,901 in connection with the private placements below.

On February 1, 2016, the Company closed a private placement of 1,259,244 units of the Company at a price of $0.30 per unit for gross proceeds of $377,773. Each unit is comprised of one common share and one-half warrant. Each whole warrant is exercisable to purchase one common share of the Company at an exercise price of $0.40 for 5 years. The shares and warrants comprising the units are subject to a 6-month and one day hold period from the closing date.

On February 11, 2016, the Company, through its wholly-owned subsidiary, Orca Mobile, entered into a definitive agreement for the joint venture which governs the investment in and the management of Sollen Guatemala. (Note 6)

On February 16, 2016, the Company closed a private placement of 524,190 units of the Company at a price of $0.30 per unit for gross proceeds of $157,257. Each unit is comprised of one common share and one-half warrant. Each whole warrant is exercisable to purchase one common share of the Company at an exercise price of $0.40 for 5 years. The shares and warrants comprising the units are subject to a 6-month and one day hold period from the closing date.

On March 4, 2016, the Company closed a private placement of 270,000 units of the Company at a price of $0.30 per unit for gross proceeds of $81,000. Each unit is comprised of one common share and one-half warrant. Each whole warrant is exercisable to purchase one common share of the Company at an exercise price of $0.40 for 5 years. The shares and warrants comprising the units are subject to a 6-month and one day hold period from the closing date.

On April 18, 2016, the Company closed a private placement of 1,471,150 units of the Company at a price $0.30 per unit for gross proceeds of $441,345. Each unit is comprised of one common share and one-half warrant. Each whole warrant is exercisable to purchase one common share of the Company at an exercise price of $0.40 for 5 years. The shares and warrants comprising the units are subject to a 6-month and one day hold period from the closing date.