



**ORCA TOUCHSCREEN TECHNOLOGIES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

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**Dated November 28, 2018**  
**for the Nine Months Ended September 30, 2018**

**INTRODUCTION**

The following Management Discussion and Analysis ("MD&A") of Orca Touchscreen Technologies Ltd. (the "Company" or "Orca Touchscreen") has been prepared by Management in accordance with the requirements of National Instrument 51-102. The information contained in this MD&A is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this MD&A is not intended to be a comprehensive review of all matters and developments concerning the Company. Specific risks facing the Company are set out explicitly in Appendix 1 of this MD&A. In addition, certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 2 of this MD&A.

This MD&A should be read in conjunction with the Company's audited financial statements as at December 31, 2017 and the related notes contained therein and the Company's unaudited condensed consolidated interim financial statements for the nine months September 30, 2018 and the related notes contained therein both of which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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

**COMPANY OVERVIEW**

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

On September 18, 2014, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "OAA". During that year, the Company completed a four-for-one forward stock split and obtained listings for trading on 3 markets: Canadian Securities Exchange, Frankfurt Stock Exchange and OTCQB.

***The Company has focused its attention on completing the following transaction:***

On December 4, 2017, the Company and Cultivator Catalyst Corp. ("CCC") entered into a letter of intent, (the "LOI") pursuant to which the Company agreed to acquire all the issued and outstanding shares and securities convertible into shares of CCC pursuant to the terms of an amalgamation agreement dated April 25, 2018 among the Company, CCC and 1151856 B.C. Ltd. (the "Amalgamation Agreement"), a wholly-owned subsidiary of the Company formed to facilitate the Transaction.

Pursuant to the Amalgamation Agreement, the Company will indirectly acquire all of the issued and outstanding common shares and special class C shares in the capital of CCC ("CCC Shares") and securities of CCC convertible into CCC Shares in exchange for common shares (the "Payment Shares") and special class C shares, each as applicable, in the capital of the Company pursuant to an exchange ratio of five Payment Shares for each CCC common share and one special class C share of the Company for each special class C share of CCC (collectively, the "Exchange Ratio"). In addition, all of the outstanding common share purchase warrants of CCC will be exchanged for common share purchase warrants of the Company based on the Exchange Ratio (the "Transaction").

Prior to closing of the Transaction and subject to the rules of the Canadian Securities Exchange, the Company will complete a consolidation of its common shares on the basis of one new common share in the capital of the Company for fifty old common shares. Furthermore, upon completion of the Transaction it is intended that the Company will be re-named Biome Grow Inc. and shareholders of CCC will own a controlling interest in the issued and outstanding shares in the capital of the Company.

CCC is in the process of completing a brokered private placement financing to raise gross proceeds of approximately \$15,000,000 (the "Financing") by the issuance of 3,000,000 units at \$5.00 per unit. Each unit consists of one CCC common share and one CCC common share

purchase warrant. Each CCC common share purchase warrant entitles the holder to purchase one CCC common share at \$5.00 per share for up to 2 years. In connection with the Financing, the agent will be paid an 7% cash commission and will be issued 210,000 warrants with same terms to the warrants included in the Financing.

Since January 1, 2018, CCC has raised gross proceeds of \$2,391,930 by the issuance of 863,977 CCC common shares.

The boards of directors of the Company and CCC have each unanimously approved the terms of the Amalgamation Agreement.

The Amalgamation Agreement will be subject to certain customary conditions including approval of the Company's and CCC shareholders and various regulatory approvals. The Amalgamation Agreement contains customary deal protection mechanisms and non-solicitation provisions.

## RESULTS OF OPERATIONS

### *During the nine months ended September 30, 2018*

The Company had net income of \$903 during the period ended September 30, 2018, compared to a net income of \$189,272 for the same period in 2017. During the period ended September 30, 2018, certain former related parties and other creditors forgave debts of \$23,707.

*Consulting* – For the period ended September 30, 2018, consulting fees were \$nil compared to \$15,044 for the same period in 2017. The decrease in 2017 was primarily caused by the Company's decreased corporate activity.

*Professional fees* – For the period ended September 30, 2018, professional fees were \$19,000 compared to \$2,000 for the same period in 2017. The increase in 2018 was due to audit and other related expenses.

*Filing and regulatory* – For the period ended September 30, 2018, filing expense was \$3,573 compared to \$7,710 for the same period in 2017. The decrease in 2018 was the result of decrease corporate activity.

## SUMMARY OF QUARTERLY RESULTS

A summary of the Company's quarterly results for which financial statements have been prepared is as follows:

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Net (Income) loss	\$nil	\$885	(\$18)	(\$185,613)	(\$113,282)	(\$94,141)	\$18,151	\$1,043,541
(Income) Loss per Share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	\$0.00	\$0.02
Total Assets	\$10,641	\$10,641	\$9,756	\$9,738	\$9,633	\$7,736	\$7,736	\$8,611
Working Capital (Deficit)	10,641	10,641	9,756	9,738	9,633	(\$103,649)	(\$235,431)	(\$217,280)

## LIQUIDITY AND CAPITAL RESOURCES

To date, the Company has funded its operations and capital requirements through a combination of short-term loans from related parties and equity financings.

As at September 30, 2018, the Company had total assets of \$10,641 (December 31, 2017 - \$9,738). As at September 30, 2018, the Company had a working of \$10,641 compared to working capital of \$9,738 as at December 31, 2017.

During the period ended September 30, 2018, certain creditors forgave amounts payable of \$23,707 and as a result the Company recognized a gain on the forgiveness of debt.

At September 30, 2018, the Company has not achieved profitable operations and has accumulated losses of \$5,131,517 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.

#### **Equity financing**

Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months. The Company plans to raise capital through equity or debt financing, although the latter may not be a viable alternative for funding operations as the Company does not have sufficient assets to secure any such debt financing. The Company anticipates that any additional funding will be in the form of equity financing from the sale of its common shares. However, there can be no assurance that the Company will be able to raise sufficient funds from the sale of its common shares to fund its operations or planned business development activities. In the absence of such financing, the Company will not be able to acquire further technology product interests. Even if the Company is successful in obtaining equity financing to expand operations and to fund its business development activities, there is no assurance that it will obtain the funding necessary to acquire any additional further technology product interests. If the Company is not able to obtain additional financing, it may be forced to abandon its business plan.

Modifications to the Company's plans will be based on many factors, including the results of our new product acquisition plan, marketing plan and financing plan; negotiations with potential product suppliers and distribution partners; the demand for touchscreen products worldwide; and the amount of available capital. Additionally, the extent to which the Company is able to carry out its business plan is dependent upon the amount of financing obtained.

#### **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 technology 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.

#### **COMMITMENTS**

The Company does not currently have any commitments.

#### **CONTINGENCIES**

There are no contingent liabilities.

#### **OFF-BALANCE SHEET ARRANGMENTS**

The Company has no off-balance sheet arrangements.

#### **TRANSACTIONS WITH RELATED PARTIES**

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.

Key management personnel are the Chief Executive Officer, the Chief Financial Officer, the Secretary and three Directors of the Company. There were no related party balances as at September 30, 2018 and December 31, 2017 and there were no transactions with related parties during the periods ended September 30, 2018 and 2017.

#### **OTHER MD&A REQUIREMENTS**

- a) Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com).
- b) Disclosure of September 30, 2018 and the date of this MD&A, the Company has 57,662,633 issued and outstanding common shares.
- c) Options  
As at September 30, 2018, there are no options outstanding.
- d) Warrants

As at September 30, 2018 and the date of this MD&A, the Company has warrants outstanding to purchase 7,264,533 common shares.

### **SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### ***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.

#### ***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.

The Company's significant accounting policies are disclosed in Note 2(b) of the Company's annual audited consolidated financial statements for the year ended December 31, 2017.

### **FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS**

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.

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, 2018, the Company had a cash balance of \$1,048 to settle current liabilities of \$nil.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates 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 September 30, 2018, the Company did not have any investments in investment-grade short-term deposit certificates.
- b) Foreign currency risk  
The Company is not exposed to any foreign currency risk fluctuations.
- c) Price risk  
The Company is currently not exposed to any price risk.

## RISKS AND UNCERTAINTIES

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

### Uninsured or Uninsurable Risk

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

### Conflicts of Interest Risk

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

### Key Personnel Risk

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

### Speculative Nature of Investment Risk

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

### No Established Market for Shares Risk

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

### Liquidity and Future Financing Risk

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

not available on acceptable terms, Orca Touchscreen may be required to scale back its business plan or cease operating.

#### Going-Concern Risk

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

#### Global Economy Risk

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

#### Dividend Risk

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

#### Share Price Volatility Risk

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

#### Increased Costs of Being a Publicly Traded Company

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



**FORWARD-LOOKING STATEMENTS**

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