4D Virtual Space Ltd.
(Formerly Alibaba Innovations Corp.)

Management's Discussion and Analysis

For the six month period ended June 30, 2015

As at August 28th, 2015

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MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SECOND QUARTER ENDING JUNE 30, 2015
AS AT AUGUST 28, 2015

INTRODUCTION

The following discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for 4D Virtual Space Ltd. (Formerly Alibaba Innovations Corp.) (the "Company" or "Alibaba") and should be read in conjunction with the six-month period interim condensed unaudited financial statements of the Company for the period ended June 30, 2015 including other pertinent events subsequent to that date up to and including August 28, 2015. The following information should be read in conjunction with the audited consolidated financial statements for the year ending December 31, 2014,which have been prepared in accordance with International Financial Reporting Standards ("IFRS), consistently applied. Amounts are reported in Canadian dollars.

This MD&A provides managements view of the financial condition of the Company and the results of its operations for the reporting periods indicated. Additional information related to Alibaba is available as filed on the Canadian Securities Administrators' website at www.sedar.com.

FORWARD-LOOKING INFORMATION

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Management's analysis only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's filings and herein. Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available through the SEDAR website at www.sedar.com.

The table below sets forth the significant forward-looking information included in this MD&A:

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Prospective high purity graphite properties	The Company will be able to locate and fund exploration of these properties	The Company has disclosed that this may be difficult. Failure to find and fund exploration to prove up these properties will materially impact the Company's ability to continue.. This is an ongoing concern

DESCRIPTION OF BUSINESS

The Company was solely a junior mineral exploration company focused on the discovery, acquisition, evaluation and enhancement of natural resource opportunities primarily in North America, until on June 26, 2015 the Company changed its name from Alibaba Innovations Corp. to 4D Virtual Space Ltd.("AIC") pursuant to the Company entering into an agreement on May 26, 2015 to acquire 100% of the authorized share capital of a private company("Privco"), whereby Privco will become a wholly-owned subsidiary of the Company. This transaction is subject to regulatory approval to complete the acquisition. Privco is in the business of creating and developing a virtual space platform for use in the real estate development industry. On July 31, 2015 the Company amended the previously amended closing date for the agreement to acquire Privco from July 31, 2015 to October 31, 2015. The Company will continue its mineral exploration projects along with developing the virtual space platform.

The Company was incorporated under the laws of British Columbia on September 19, 2013 and has been inactive from that time up until December 11, 2014, when the Company changed its name from Cuprum Coating Acquisition Corp. to Alibaba Innovations Corp. The Company's head office is located at 545 Granite Street, Sudbury, Ontario, P3C 2P4.

On January 30, 2015, the Company completed an agreement transaction with Alibaba Graphite Corp. ("AGC") wherein the two companies were amalgamated and became listed on the Canadian Stock Exchange ("CSE") under the symbol "ABJ". AGC is a mineral exploration company specifically engaged in the exploration of prospective high purity graphite properties primarily in the region north of Hearst, Ontario.

On January 30, 2015, the Company completed a three-cornered amalgamation pursuant to an amalgamation agreement dated as of May 16, 2014 with AGC, a private Ontario company, and 2417435 Ontario Limited, a wholly-owned subsidiary of the Company. Pursuant to the amalgamation agreement, the Company agreed to issue an aggregate of 36,009,245 common shares to the shareholders of Alibaba Innovations Corp. and 33,810,002 common shares to the shareholders of AGC upon listing on the CSE.

As a result of the amalgamation with AGC, Alibaba Innovations Corp. now holds or has rights to 5 properties with graphite potential in northern Ontario. Two of the three properties (the WestZen Properties), near the hydrothermal graphite discovery of Zenyatta Ventures Ltd., north of the town of Hearst, have been optioned to Xmet Inc., who have financed the VTEM airborne geophysics recently undertaken on these properties and are now in a joint venture on these properties. The other property held by the Company is the Maverick Graphite Property located north of the town of Cochrane. Alibaba Innovations Corp. is also actively reviewing additional properties for opportune development at minimal cost and risk to the shareholder.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

As a result of the amalgamation with AGC the Company acquired interest in a number of mineral claims. The following gives a history, background and current status of these properties.

On January 29, 2014 AGC paid $85,300 for a 100% undivided legal and beneficial interest in and all right and title to the Option on the Maverick and Hearst Property, which was satisfied by the issuance of an aggregate of 17,060,000 common shares in the common shares of AGC at an attributed value of $0.005 per common share on the Closing Date. In addition, AGC granted a net returns royalty effective as of the exercise of the Option. The Company granted a one and one-half percent (1.5%) Net Returns Royalty from any production on the Property payable in favour of the original two vendors on a 50/50 basis, in addition to a one and one-half percent (1.5%) Net Returns Royalty from any production on the Property payable in favour of the original claimholder of the Hearst (WestZen) Property. The Maverick Graphite Property has a three percent (3%) Net Returns Royalty from any production on the Property payable in favour of the original claimholders.

On February 7-9 2014, 4 additional claims were staked adjacent to the one existing claim of the Maverick Property. It was agreed that this staking, was to be paid by issuance of 210,000 shares of AGC as per the terms of the earlier Jan 29, 2014 purchase agreement. These additional claims were also subject to a 3% NSR due to it being included in the area of influence of the first initial claimstakers of the Maverick Property.

On February 24, 2014 an NI 43-101 report was prepared by Dean G. MacEachern, P.Geo. for AGC covering the current 5 claims on the 100% AGC owned Maverick Property.

On March 12, 2014 AGC purchased VTEM survey data that was partially flown over the North Block of the WestZen Hearst claims by Xmet Inc. (Xmet) as well as 4 adjacent Xmet mining claims carrying a 2 % net returns royalty. The above was acquired for a fee of $30,000 and 1,500,000 shares of AGC priced at $0.05/share. The AGC shares having a hold period of four months and a day from Alibaba’s listing date.

On June 18, 2014 AGC arranged an option on their West Block Claims with Xmet Inc. This option enabled Xmet Inc. to acquire a 65% interest in the AGC West Block Claims for:

1) undertaking a low level VTEM suvey over all the claims,
2) return of the 1,500,000 Alibaba shares held in trust from the previous March 12, 2014 purchase,
3) returning of the purchased Xmet claims to Xmet, and
4) undertaking a low level VTEM survey over the West Block Claims.
5) Xmet further agreed to cover the cash payments of up to $20,000 on the original claimholder's option agreement for all the Hearst claims and undertake all assessment requirements to maintain the West Block Claims in good standing during this agreement.

6) On September 17, 2014 AGC arranged to option their WestZen Southwest Block Claims to Xmet. The option stipulated Xmet Inc. would obtain a 50% interest in these claims on performing a partial VTEM survey over the Southwest Block with AGC covering the cost of mobilization and demobilization. Xmet Inc. further agreed to undertake all assessment requirements to maintain the claims in good standing during this agreement.

In December, 2014 Xmet Inc. also paid the first annual installment of $10,000 to the original claimholders on the WestZen Property.

As a result of these options and agreements, the ownership of the WestZen and Maverick Property is now as shown in the following table:

Township/	Property	Area	Claim	Units	Ha	Claim	Alibaba
Area			Number			Due Date	Percent
AVON TP	Maverick	Maverick	4267292	2	32	2015-Nov-08	100%
AVON TP	Maverick	Maverick	4270188	1	16	2016-Feb-13	100%
AVON TP	Maverick	Maverick	4270189	4	64	2016-Feb-13	100%
AVON TP	Maverick	Maverick	4270227	12	192	2016-Feb-13	100%
AVON TP	Maverick	Maverick	4276727	4	64	2016-Feb-13	100%
Total		**Maverick**		**23**	**368**		
FEAGAN LAKE AREA	WestZen	North Block	4278003	8	128	2016-Oct-16	100%
FEAGAN LAKE AREA	WestZen	North Block	4278004	16	256	2016-Oct-16	100%
FEAGAN LAKE AREA	WestZen	North Block	4278005	16	256	2016-Oct-16	100%
Total		**North Block**		**40**	**640**		
FEAGAN LAKE AREA	WestZen	Midwest Block	4278006	4	64	2016-Oct-16	35%
FEAGAN LAKE AREA	WestZen	Midwest Block	4278007	9	144	2016-Oct-16	35%
FEAGAN LAKE AREA	WestZen	Midwest Block	4278008	4	64	2016-Oct-16	35%
FEAGAN LAKE AREA	WestZen	Midwest Block	4278009	12	192	2016-Oct-16	35%
		Midwest Block		**29**	**464**		
FEAGAN LAKE AREA	WestZen	Southwest Block	4271208	16	256	2016-Aug-06	50%
FEAGAN LAKE AREA	WestZen	Southwest Block	4278010	4	64	2016-Oct-16	50%
FEAGAN LAKE AREA	WestZen	Southwest Block	4278011	8	128	2016-Oct-16	50%
FEAGAN LAKE AREA	WestZen	Southwest Block	4278012	8	128	2016-Oct-16	50%
Total		**Southwest Block**		**36**	**576**		
Total All Areas				**128**	**2,048**		

Notes:
The Feagan Lake Area claims are located 6-11km northwest of Hearst Ontario and are known as the WestZen Property comprised of 3 noncontiguous claim blocks. The WestZen blocks wth less than 100% are held in a joint venture with Xmet Inc. who earned their interest through a cash payment to the original claimholders as part of their option agreement and undertaking helicopter EM surveys over these blocks to assist the evaluation of the property and for assessment purposes.

Note: AGC: Alibaba Graphite Corp. Xmet: Xmet Inc.

In June 2015 the Company announced a private placement to raise up to $1,500,000 (the "Offering") comprised of up to 30,000,000 units (the "Units") at a price of $0.05 per Unit. Each Unit will consist of one common share (each a "Share") of the Issuer and one-half of one common share purchase warrant (each, a "Warrant"). Each whole Warrant will entitle the holder to acquire one Share (a "Warrant Share") at a price of $0.075 per Warrant Share for a period of two (2) years. Further, the Issuer may pay a finder's fee in connection with the Offering of up to 8% of the gross proceeds received by the Issuer for the issuance of the Units and attributable to the finder, payable in cash and finder's warrants to acquire so many common shares of the Issuer as equals 8% of the number of securities sold under the Offering at a price of $0.05 per Share. All securities issued under the Offering will be subject to a four-month hold period. The Offering is subject to receipt of all applicable regulatory approvals.

INVESTMENT IN WHOLLY OWNED SUBSIDIARY

On May 29, 2015 the Company entered into a definitive agreement with an arm's length third party to acquire all of the issued and outstanding shares of a private company ("Privco") in exchange for 60,000,000 shares of the Company and $400,000 in cash (the "Purchase Cash"). 40,000,000 shares will be issued on closing of the acquisition and 20,000,000 only issued on Privco achieving the first of the following milestones:

a) Privco having secured contracts for Privco's services having a value equal to the aggregate of a minimum of $2,000,000; and

b) the Company raising capital of $5,000,000 or more cumulatively from the date of the agreement.

$50,000 of the Purchase Cash was paid by the Company upon the signing of the agreement in the form of a non-refundable deposit. The agreement was amended to provide that a further $50,000 portion of the Purchase Cash price will be payable by the Company on the earlier of:

(a) September 30, 2015; and
(b) the Company raising capital of $750,000 or more cumulatively from the date of the agreement.

The closing of the acquisition was originally to occur on July 31, 2015. On July 31, 2015, the Company agreed to amend the closing date to October 31, 2015.

Privco is in the business of creating and developing a virtual space platform for use in the real estate development industry. The completion of this agreement is subject to regulatory approval.

At the date of this MD&A, trading in the shares of the Company has been halted pending regulatory approval for the above transaction as it is considered to be a "Fundamental Change" by the regulators which requires a new listing application to be approved.

SELECTED QUARTERLY INFORMATION

The financial information below reflects the consolidated figures of both 4D Virtual Space Ltd. and AGC.

Quarter ended	Total revenue	Net Earnings(Loss) and Comprehensive Earnings (Loss)				Total assets	Total long-term liabilities	Working Capital
		Net income(loss for the period	Write down and impairment of evaluation and exploration assets	Loss) before income taxes and write down of exploration and evaluation assets	Per Share (i)			
		$	$	$	$	$	$	$
June 30, 2015		(118,425)	-	(118,425)	(0.002)	111,606	-	80,275
March 31,2015	-	(32,378)	-	(32,378)	(0.001)	209,609	-	192,701
Dec 31,2014	-	(18,205)	-	(18,205)	(0.005)	243,349	-	225,079
Sept 30,2014	-	(4,401)	-	(4,401)	(0.001)	179,423	-	163,338
June 30,2014	-	(22,409)	-	(22,409)	(0.004)	205,295	-	189,210
March 31,2014	-	(218,706)	85,300	(133,406)	(0.008)	231,156	-	212,494
February 28, 2014*	-	(179,323)	-	(179,323)	(0.005)	276,312	-	276,312

(i) On a non-diluted basis

*date of the audited statement from the date of incorporation of AGC, namely, January 29, 2014.

The significant reduction in total assets from the period of February 28, 2014 to June 30, 2014 ($276,312 - $205,292) was primarily due to payment of $30,000 for Xmet's property, director's insurance $12,096 and consulting services for the preparation of the NI 43-101 report of $11,300.

An increase in the total assets from September 30 to December 31, 2014 was due primarily to an influx of cash from the issuance of 500,000 additional shares at a price of $0.10 on November 27, 2014 as part of the listing requirements for the Company. The largest expenditures from September 30, 2014 to December 31, 2014 were for a US$25,000 loan to a third party on December 12, 2014.

In 2015, $50,000 was paid as a non-refundable deposit pursuant to the agreement to acquire Privco. See details above. A further $5,000 was received from the non-brokered private placement that was recorded as an amount receivable in 2014.

In the second quarter of 2015, professional fees were paid of $42,311, which included amounts incurred for extra-ordinary fees of $14,505 for professional services to process the re-listing of the Company with the Canadian Securities Exchange (the "CSE") due to the transaction with Privco which is a "Material Event". The balance of the costs were for year end 2015 audit and accounting fees, accruals of $9,000 for 2015 year auditing fees. Approval is pending from the CSE for re-listing.

MINERAL PROPERTY EXPENDITURES

From the date of incorporation of January 29, 2014 to June 30, 2015, the following expenditures were incurred on the Company's mineral exploration properties.

	WestZen Hearst Claims		Maverick North Cochrane Claims		Fraserdale Claims((i)	
	$	Shares	$	Shares	$	Shares
Balance, pre January 29, 2014	-	-	-	-	-	-
Acquisition of WestZen Claims	-	16,350,000 @0.005/share =$81,750	-	500,000 @ 0.005share =$2,500	-	-
Staking 4 Maverick Claims	-	-	-	210,000 @ $.005/share =$1,050	-	-
Maverick NI43-101 Report	-	-	10,000	-	-	-
VTEM Data Purchase	30,000	-	-	-	-	-
Totals	$30,000	$81,750	$10,000	$3,550	-	-
Property Totals at December 31, 2014	**$111,750**		**$13,550**		-	-
March 31, 2015 Staking of the Fraserdale Claims	-	-	-		3,000	-
	-	-	-		-	-
June 30, 2015 Acquisition of WestZen Claims	-	100,000 @ 0.06share =$6,000	-		-	-
Property Totals at June 30, 2015	**$117,750**		**$13,550**		**$3,000**	

(i) The Fraserdale claims are not owned by the Company at this time, these costs are for exploration only with a view to acquisition.

Although the above total exploration expenses spent by the Company were $134,300 on these properties, additional expenses for geophysical airborne expenses were incurred on the WestZen Claims in the Hearst Area by Xmet Inc., as well as their $10,000 payment to the original WestZen claimholders. These amounts are not included in the above table.

THE MAVERICK GRAPHITE PROPERTY

The Maverick Graphite Property is an early stage exploration project located approximately 60 kilometres north of Smooth Rock Falls, Ontario. The property is located in the Porcupine Mining Division, District of Cochrane at 1°31'18.78"W and 49°49'4.71"N (NTS 41-I/14) or in NAD 83 co-ordinates, 462457.30 m E and 5518523.29 m N, Zone 17U.

The property consists of 5 contiguous unpatented mining claims composed of 23 claim units covering approximately 368 hectares in Avon Township. There are no work commitment obligations on the property. As of the date of this report the property is in good standing.

From information in the NI43-101 the property contains an East-West conductor that has been drilled with graphite being encountered. The core description of the graphite is stated as a vein variety. A follow-up field examination and pending exploration program is being planned for this summer.

THE WESTZEN HEARST PROPERTY

The WestZen Hearst Property, also referred to as the Feagan Lake Claims, consists of 3 separate noncontiguous blocks of claims named the North Block, the West Block and the Southwest Block comprising a total of 11 claims totaling 1,424 Hectares. The property is located 8-12 kilometres northwest of Zenyatta’s recently discovered hydrothermal graphite discovery and about 75 kilometres northwest of the town of Hearst. Because of the nearby location of the WestZen Property and the current exploration activity in the area, two of the blocks have been optioned by Xmet Inc. and are now in a joint venture with AGC on these properties. Xmet Inc. is actively involved searching for graphite in the area and have undertaken significant expense in undertaking VTEM surveys over the WestZen Property.

LIQUIDITY AND CAPITAL RESOURCES

On February 28, 2014, AGC completed a non-brokered private placement for 13,500,000 common shares at a price of $0.02 per share for gross proceeds of $270,000. On November 15, 2014, as part of the listing requirements for the Company, an additional $50,000 gross proceeds was raised through a non-brokered private placement form the issuance of 500,000 additional shares at a price of $0.10. In February, 2015 $5,000 was received from subscriptions receivable from the non-brokered private placement. As of June 30, 2015 AGC had a cash balance of $56,240.

Currently the Company has a non-capital loss carried forward of $150,019 which expires in 2034, available to reduce income otherwise taxable in future years.

OUTSTANDING SHARE DATA

The table below shows the outstanding share capital of the Company as of June 30, 2015:

Common Shares	69,919,247
Options	5,900,000
Warrants	-
Fully Diluted Share Capital	75,819,247

OFF-BALANCE SHEET ARRANGEMENTS

None are applicable at this time, however with mineral exploration, obligations for environmental, First Nation compliance and health and safety issues can create non reportable concerns. The Company hopes to minimize such situations by maintaining adequate insurance coverage, establishing honest and open communications and operating in a safe and responsible manner compliant with current standards as per the most recent applicable acts and regulations.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include executive officers and non-executive directors. At this time executive officers are not paid a salary but participate in the Company’s stock option program. The executive officers include the Chief Executive Officer, and the Chief Financial Officer. Non-executive directors also participate in the Company’s stock option program. To this end the Company issued stock options in 2014 valued at $20,900. As of June 30, 2015, the Company owes no money to executives of the Company for unpaid salaries and wages. A significant amount of the work required by the Company is undertaken on a contract basis by unrelated highly qualified companies and individuals.

CRITICAL ESTIMATES

Significant assumptions about the future and other sources of estimation uncertainty that management has made during the reporting period could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. These critical estimates relate to, but are not limited to, the following:

i. <u>Exploration and evaluation expenditures</u>

The application of the Company’s accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

CRITICAL ESTIMATES (continued)

ii. Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning 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. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

iii. Estimation of restoration, rehabilitation and environmental obligation

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iv. Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

CRITICAL ESTIMATES (continued)

iv. Share-based payments (continued)

The Company has a stock option plan ("the Plan") under which options to purchase common shares may be granted to officers, directors, employees and non-employees of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years. The exercise price of any option granted under the Plan may not be less than fair market value (e.g., the prevailing market price) of the common shares at the time the option is granted, less any permitted discount. All options are non-transferable. The options are subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be a director, officer, or consultant of the Company, or upon the retirement, permanent disability or death of an optionee. All issued options are vested at the date they are granted. The fair value of the options has been estimated using the Black-Scholes pricing option model. The assumptions used for the valuation of the respective options were:

Option Assumptions	2015 and 2014
Dividend yield	-
Expected Volatility	138%
Risk free interest rate 1	0.62%
Expected option term – years	5

In addition to the above, the Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

v. Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consist of deposits with a reputable financial institution, from which management believes the risk of loss to be minimal.

vi. Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company is not exposed to significant interest rate risk.

CRITICAL ESTIMATES (continued)

vii. Foreign Exchange Risk

The Company's functional and reporting currency is the Canadian dollar and purchases are transacted in Canadian. The Company has a Canadian dollar bank account.

viii. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

ACCOUNTING POLICIES

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The policies applied in the unaudited interim financial statements are based on IFRSs issued and outstanding as of August 28, 2015, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Corporation's annual financial statements for the year ending December 31, 2014 could result in restatement of the audited financial statements. The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency. The financial statements are approved and authorized for issuance by the Board of Directors.

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. There are no judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years.

The following accounting standards have been released but have not yet been adopted by the Company.

ACCOUNTING POLICIES (continued)

IFRS 9- Financial Instruments (“IFRS9”)

In November 2009, the IASB issued and subsequently revised in October 2010, IFRS 9 as a first phase in its ongoing project to replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS39”). IFRS 9 which is to be applied retrospectively, will be effective as of January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company’s financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company does not have any derivative financial instruments.

Regarding non-derivative financial assets, the Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has the legal right to offset amounts and intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if:

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS (continued)

(i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or
(ii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company classifies cash as fair value through profit or loss.

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. Available-for-sale financial assets are comprised of marketable securities. The Company does not have any assets classified as available-for-sale.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loan receivable, deposit and prepaids are classified as loans and receivables.

On December 12, 2014, the Company lent US$ 25,000 to a third party under a promissory note that matures on December 31, 2015. The terms of the note requires interest of 5% payable on maturity along with the outstanding principal.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS (continued)

For all other financial assets objective evidence of impairment could include:
· significant financial difficulty of the issuer or counterparty; or
· default or delinquency in interest or principal payments; or
· it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS (continued)

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring and exploring natural resource properties in Canada. Due to the nature of the Company's proposed business and the present stage of exploration of its resource properties, which are at very early stages, the following risk factors, amongst others, will apply:

<u>Exploration Stage Company</u>

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.

Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change.

Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that any future exploration programs will result in the establishment or expansion of resources or reserves.

RISKS AND UNCERTAINTIES (continued)

Exploration and Development Risks

The business of exploring for minerals and mining involves a high degree of risk. There is no assurance the Company's mineral exploration activities will be successful. Few properties that are explored are ultimately developed into producing mines. In exploring and developing any future mineral deposits the Company will be subjected to an array of complex economic factors and technical considerations. Delays in obtaining governmental approvals, inability to obtain financing or other factors could cause delays in exploring and developing properties. Such delays could materially adversely affect the financial performance of the Company. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, environmental hazards, the discharge of toxic chemicals and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has limited experience in the development and operation of mines and in the construction of facilities required to bring mines into production. The Company has relied and may continue to rely upon consultants and others for operating expertise. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Financing

The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. Currently, the Company does not have sufficient funds on hand to continue operating for the next twelve months as they have previously been and will need to obtain additional financing. The Company has no formal credit facilities at this time and given the Company's current stage of development, it is not expected that such credit facilities would be available to the Company.

Future exploration, development, mining, and processing of minerals from any of the Company's future properties will require substantial additional financing. The only current sources of funds available to the Company are the sale of additional equity capital, which if available, may result in substantial dilution to existing shareholders. There is no assurance that such funding will be available to the Company, or that it will be obtained on terms favourable to the Company. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development, or production on any or all of the Company's properties, or even a loss of property interests.

RISKS AND UNCERTAINTIES (continued)

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Management believes the Company's overall liquidity risk has increased from the prior year due to the current global credit crisis and lack of financing available in the equity markets.

Difficulties in Raising Development Capital

Recent market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the deterioration of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its capital requirements to pursue the acquisition and exploration of any significant mineral projects or to secure its share of development financing following a decision to place any of its current or future mineral properties into production (whether on its own or on a joint venture basis).

Share Price Volatility

Worldwide securities markets, particularly those in North America, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities.

In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all.

RISKS AND UNCERTAINTIES (continued)

Share Price Volatility (continued)

Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delay or failure to obtain such licenses and permits or failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Acquisition of Mineral Concessions under Agreements

In the junior natural resource industry, it is typical for companies to enter into option agreements which allow the optionee to acquire the property over time while performing initial exploration activities. If the Company continues to enter into these types of agreements, the Company may have to make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties.

There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Environmental and Other Regulatory Requirements

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory approval and there is no assurance that such approvals will be obtained. Although the Company believes its mineral and exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

RISKS AND UNCERTAINTIES (continued)

Uninsured Risks

The Company may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration and mining activities. In particular, the Company is not insured for environmental liability or earthquake damage.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of base metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company currently does not maintain liability insurance against such liabilities. Although the Company currently intends to obtain insurance when it commences operations of reasonable significance, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Title Matters

Often, the mining claims in which the Company could acquire an interest in have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims would not be converted to lease and tenure, and are, accordingly, subject to annual compliance with assessment work requirement. Other parties may dispute the Company’s title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements, first nation’s land claim or transfers of land claims and titles which may be affected by undetected defects.

RISKS AND UNCERTAINTIES (continued)

Conflicts of Interest

Certain of the Company's directors and officers serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

Under the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Fluctuation of Metal Prices

The market price of precious metals and other minerals is volatile and cannot be controlled. If the price of precious metals and other minerals should drop significantly, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of minerals, the effect of which cannot be accurately predicted.

Risks Concerning the Business of Privco

Increased Competition

Currently, there are no direct competitors in the preconstruction real estate industry utilizing 3D virtual reality to render floor plans to create a virtual experience. Due to the low start up costs of gaining access to the virtual reality software, direct competitors could emerge very quickly and directly impact negatively our revenue projections. There are companies with larger balance sheets and economies of scale that could potentially negatively impact our revenue and business model going forward if they decided to enter our market. More specifically, because our software is not patentable, the barriers to entry in the virtual reality industry are very low and competition can enter the market very easily and at any time.

Short Operating History

We have a short operating history, which limits our ability to forecast our future operating results and subjects us to a number of uncertainties, including our ability to plan for and model future growth. We will continue to encounter risks and uncertainties frequently experienced by growing companies in developing industries. If our assumptions regarding these uncertainties, which we use to plan our business, are incorrect or change in reaction to change in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

Unproven Market

We believe our future success will depend in large part on the growth, if any, in the market for our products and services in the preconstruction real estate industry. In order to grow our business, we intend to expand the functionality of our software and website to increase their acceptance and use by the broader market as well as develop new products and services. It is difficult to predict customer adoption and renewal rates, customer demand for our products/services, the size and growth rate of this market, the entry of competitive products/services or the success of eventual competitive products/services. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associates with our products/services. If our products do not achieve widespread adoption or there is a reduction in demand for products in our market caused by a lack of customer acceptance or expansion, technological challenges, decreases in accessible machine data, competing technologies and products, pricing pressure, decreases in corporate/real estate spending, weakening real estate markets, or otherwise, it could result in reduced orders or reduced customer rates, any of which would adversely affect our business operations and financial results. We believe that these are inherent risks and difficulties in this new and unproven market.

Risks Concerning the Business of Privco (continued)

Variable Revenue Results

Our revenues and operating results could vary significantly from period to period as a result of various factors, many of which are outside of our control. For example, we assume that initially a majority of our revenues will be generated by real estate developers. Our operating results could be significantly impacted by unexpected economic events in the real estate market both at home and abroad. This could severely impact our revenue assumptions, especially if an economic downturn in the real estate market was prolonged.

Fluctuations in quarterly results may negatively impact the value of our securities. Factors that may cause fluctuations in our quarterly financial results include, but are not limited to:

- our ability to attract new customers;
- the addition or loss of large customers, including through acquisitions or consolidations;
- our retention rate;
- the timing of recognition of revenue;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- network outages or security breaches;
- general economic, industry and market conditions;
- increases or decreases in the number of features in our services or pricing changes upon any renewals of customer agreements;
- changes in our pricing policies or those of our competitors;
- seasonal variations in sales of our services;
- the timing and success of new services and service introductions by us and our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners; and
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies.

New Customers

We will be very dependent on our sales force to obtain new customers and to drive additional use cases and adoption among our existing customers. We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. If we are unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, our business will be adversely affected.

Risks Concerning the Business of Privco (continued)

Integration of Products

We offer our services across a variety of operating systems and through the internet. Our service is dependent on the interoperability of our platform with third-party mobile devices, desktop and mobile operating systems, as well as web browsers that we do not control. Any changes in such systems, devices or web browsers that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect usage of our services. In order to deliver high quality services, it is important that they work well with a range of operating systems, networks, devices, web browsers and standards that we do not control. In addition, because a substantial number of our users access our services through mobile devices, our services are particularly dependent on the interoperability with mobile devices and operating systems. We may not be successful in developing relationships with key participants in the mobile industry or in developing services that operate effectively with these operating systems, networks, devices, web browsers and standards. In the event that it is difficult for our users to access and use our services, our user growth may be harmed, and our business and operating results could be adversely affected.

Key Personnel

Our future success will depend upon our continued ability to identify, hire, develop, motivate and retain highly skilled personnel, including senior management, engineers, designers, product managers, sales representatives, and customer support representatives. Our ability to execute efficiently is dependent upon contributions from our employees, including our senior management team. In addition, occasionally, there may be changes in our senior management team that may be disruptive to our business. If our senior management team, including any new hires that we may make, fails to work together effectively and to execute on our plans and strategies on a timely basis, our business could be harmed.

Our growth strategy also depends on our ability to expand our organization with highly skilled personnel. Identifying, recruiting, training and integrating qualified individuals will require significant time, expense and attention. In addition to hiring new employees, we must continue to focus on retaining our best employees. Many of our employees may be able to receive significant proceeds from sales of our equity in the public markets after this listing, which may reduce their motivation to continue to work for us. Competition for highly skilled personnel is intense. We may need to invest significant amounts of cash and equity to attract and retain new employees, and we may never realize returns on these investments. If we are not able to effectively add and retain employees, our ability to achieve our strategic objectives will be adversely impacted, and our business will be harmed.

Risks Concerning the Business of Privco (continued)

Reliance on Third Party Vendors

We rely on third parties for certain essential financial and operational services. Traditionally, the vast majority of these services have been provided by large enterprise software vendors who license their software to customers. However, we receive many of these services on a subscription basis from various software-as-a-service companies that are smaller and have shorter operating histories than traditional software vendors. Moreover, these vendors provide their services to us via a cloud-based model instead of software that is installed on our premises. As a result, we depend upon these vendors providing it with services that are always available and are free of errors or defects that could cause disruptions in our business processes, which would adversely affect our ability to operate and manage our operations.

Defect Risk

Our services are inherently complex and may contain material defects or errors. Any defects either in functionality or that cause interruptions in the availability of our services, as well as user error, could result in:

- loss or delayed market acceptance and sales;
- breach of warranty claims;
- sales credits or refunds for prepaid amounts related to unused subscription services;
- loss of customers;
- diversion of development and customer service resources; and
- harm to our reputation.

The costs incurred in correcting any material defects or errors might be substantial and could adversely affect our operating results.

Risks Concerning the Business of Privco (continued)

Defect Risk (continued)

Because of the large amount of data that we collect and manage, it is possible that hardware failures, errors in our systems or user errors could result in data loss or corruption that our customers regard as significant. Furthermore, the availability or performance of our services could be adversely affected by a number of factors, including customers' inability to access the internet, the failure of our network or software systems, security breaches or variability in customer traffic for our services. We may be required to issue credits or refunds for prepaid amounts related to unused services or otherwise be liable to our customers for damages they may incur resulting from some of these events. In addition to potential liability, if we experience interruptions in the availability of our services, our reputation could be adversely affected, which could result in the loss of customers. For example, our customers access our services through their internet service providers. If a service provider fails to provide sufficient capacity to support our services or otherwise experiences service outages, such failure could interrupt our customers' access to our services, adversely affect their perception of the reliability of our services and consequently reduce our revenue.

Furthermore, we will need to ensure that our services can scale to meet the needs of our customers. If we are not able to provide our services at the scale required by our customers, potential customers may not adopt our solution and existing customers may not renew their agreements with us.

Pricing Model Risk

As the market for our services matures, or as new or existing competitors introduce new products or services that compete with us, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are consistent with our pricing model and operating budget. If this were to occur, it is possible that we would have to change our pricing model or reduce our prices, which could harm our revenue, gross margin and operating results.

Risks Concerning the Business of Privco (continued)

International Operation Risk

A key element of our growth strategy is to expand our international operations and develop a worldwide customer base. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic, geographic and political risks that are different from those in Canada or the United States. Because of our limited experience with international operations and significant differences between international and domestic markets, our international expansion efforts may not be successful in creating demand for our services in foreign jurisdictions or in effectively selling subscriptions to our services international markets. In addition, we will face specific risks in doing business internationally that could adversely affect our business, including:

- the need to localize and adapt our services for specific countries, including translation into foreign languages and associated expenses;
- data privacy laws that, among other things, could require that customer data be stored and processed in a designated territory;
- difficulties in staffing and managing foreign operations;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- new and different sources of competition;
- potentially weaker protection for intellectual property and other legal rights and practical difficulties in enforcing intellectual property and other rights;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- adverse tax consequences; and
- unstable regional, economic and political conditions.

Fluctuations in the value of domestic and foreign currencies may impact our operating results. We currently manages our exchange rate risk by matching foreign currency cash balances with payables but does not have any other hedging programs in place to limit the risk of exchange rate fluctuations.

Risks Concerning the Business of Privco (continued)

Brand Promotion

We believe that maintaining and promoting our brand is critical to expanding our customer base. Maintaining and promoting our brand will depend largely on our ability to continue to provide useful, reliable and innovative services, which we may not do successfully. We may introduce new features, products, services or terms of service that our customers do not like, which may negatively affect our brand and reputation. Maintaining and enhancing our brand may require us to make substantial investments, and these investments may not achieve the desired goals. If we fail to successfully promote and maintain our brand or if we incur excessive expenses in this effort, our business and operating results could be adversely affected.

Strategic Partnerships

In order to grow our business, we anticipate that we will continue to depend on our relationships with third parties, such as alliance partners, distributors, system integrators and developers. Identifying partners and resellers, and negotiating and documenting relationships with them, requires significant time and resources. Also, we depends on our ecosystem of system integrators and developers to create applications that will integrate with our platform. Our competitors may be effective in providing incentives to third parties to favor their products or services, or to prevent or reduce subscriptions to our services. In addition, acquisitions of our partners by our competitors could result in a decrease in the number of current and potential customers, as our partners may no longer facilitate the adoption of our services by potential customers.

If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our services or increased revenue.

Furthermore, if our partners and resellers fail to perform as expected, our reputation may be harmed and our business and operating results could be adversely affected.

Risks Concerning the Business of Privco (continued)

Lack of Financing

On occasion, we may need additional financing to operate or grow our business. Our ability to obtain additional financing, if and when required, will depend on investor and lender demand, our operating performance, the condition of the capital markets and other factors. We cannot guarantee that additional financing will be available on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our existing securityholders, which may also experience dilution. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we requires it, our ability to continue to support the operation or growth of our business could be significantly impaired and our operating results may be harmed.

Adverse Economic Conditions

Our business depends on the overall demand from the preconstruction real estate industry and on the economic health of our current and prospective customers. The financial recession resulted in a significant weakening of the economy in North America, Europe and worldwide, more limited availability of credit, a reduction in business confidence and activity, and other difficulties that may affect one or more of the industries to which we sell our services. Furthermore, the economies of certain European countries have been experiencing difficulties associated with high sovereign debt levels, weakness in the banking sector and uncertainty over the future of the eurozone. If economic conditions in North America and Europe and other key markets for our services continue to remain uncertain or deteriorate further, many customers may delay or reduce their spending on our services. This could result in reductions in sales of our services, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies and increased price competition. Any of these events would likely have an adverse effect on our business, operating results and financial position. In addition, there can be no assurance that cloud-based data storage spending levels will increase following any recovery.

Governing Laws

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business services. Domestic or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our services in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, or result in reductions in the demand for internet-based services such as ours.

Risks Concerning the Business of Privco (continued)

Governing Laws (continued)

In addition, the use of the internet and, in particular, the cloud as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility, and quality of service. The performance of the internet and its acceptance as a business tool have been adversely affected by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our services could suffer.

Additional information is available on SEDAR at www.sedar.com.