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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended
December 31, 2015 and 2014
(Year-end and Fourth Quarter, 2015)
As at April 29, 2016

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INTRODUCTION

This management's discussion and analysis ("MD&A") of 4D Virtual Space Ltd., ("4DVS") or the "Company"), follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of 4DVS, on how the Company performed during the three and twelve months ended December 31, 2015 and the comparable three and twelve months ended December 31, 2014 and a review of the Company's financial condition as at December 31, 2015.

This MD&A complements the audited financial statements for the years ended December 31, 2015 and 2014. The MD&A helps the reader understand and assess the significant trends, and the risks and uncertainties related to the results of operations. The MD&A should be read in conjunction with the more fulsome disclosures of the audited financial statements with its accompanying audit report and notes to the financial statements for the years ended December 31, 2015 and 2014.

The audited financial statements for the years ended December 31, 2015 and 2014 have been prepared in accordance with IAS 1, Presentation of Financial Statements.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com . The shares of 4DVS are listed on the Canadian Stock Exchange (the "CSE") under the symbol "ABJ".

This MD&A was prepared with the information available as at April 29, 2016.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This document is required by securities legislation to contain and does contain forward-looking statements, opinions about future events and comments regarding risks and opportunities, which reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historic, the statements are essentially forward-looking and are often identified by words such as, but not limited to, "anticipate", "expect", "estimate", "intend", "project", "plan" "might", "could" and "believe". In the interest of providing shareholders and potential investors with information regarding 4DVS, including management's assessment of future plans and future operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Corporation or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

Approval of financial statements

On April 28, 2016, the Board of Directors, on the recommendation of the audit committee, approved 4DVS' audited Financial Statements for the years ended December 31, 2015 and 2014 and this MD&A.

DESCRIPTION OF BUSINESS

The Company was initially, 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. 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. Privco is in the business of creating and developing a virtual space platform for use in the real estate development industry. After a series of agreements, the most previous terminating on December 13, 2015, the Company entered into a new agreement to acquire Privco, dated January 14, 2016. This transaction is subject to regulatory approval to complete the acquisition. The Company will continue to investigate 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 pursuant to a three-cornered amalgamation 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. acquired 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 earned a joint venture interest on these properties. The other property held by the Company is the Maverick Graphite Property located north of the town of Cochrane. On Nov.9, 2015, the 2 unit Maverick claim 4267292 was allowed to expire. Alibaba Innovations Corp. is also actively reviewing additional properties for opportune development at minimal cost and risk to the shareholder.

As a result of unfavourable geophysical survey results, the Hearst WestZen claim option was returned to the original claimholders on October 15, 2015. The return of these claims alleviated the obligations of Alibaba Graphite Corp. from undertaking $42,000 in assessment work, issuing 100,000 of the Company's common shares, paying $10,000 and paying management fees to hold the property for another year. The return of the Company's pro-rated interest in the property has resulted in a reduction of 53% of its previous land holdings. In addition the joint venture agreement with Xmet Inc. on these claims has been terminated.

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 4DVS'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 survey 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 at its maximum configuration is shown in the following table. As of Dec. 30, 2015 many of these claims were expired.

Township/ Area	Property	Area	Claim Number	Units	Ha	Claim Due Date	Alibaba 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 with 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. 4DVS: 4D Virtual Space Ltd.

In June 2015, 100,000 common shares with a value of $6,000 were issued in order to maintain its WestZen mining claim option for an additional year. The WestZen property is located on geophysical magnetic low anomalies as shown on government maps. The property lies 7- 11 kilometres west of Zenyatta Ventures Ltd.'s high purity graphite property. Partly under the terms of an option to Xmet Inc., Xmet undertook more detailed airborne geophysical surveys and analysis over most of the area.

As a result of unfavourable geophysical survey results, the Hearst WestZen claim option was returned to the original claimholders on October 15, 2015. The return of these claims alleviated the obligations of Alibaba Graphite Corp. from undertaking $42,000 in assessment work, issuing 100,000 of the Company's common shares, paying $10,000 and paying management fees to hold the property for another year. The return of the Company's pro-rated interest in the property has resulted in a reduction of 53% of its previous land holdings. In addition, the joint venture agreement with Xmet Inc. on these claims has been terminated.

FINANCING

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. The raising of these funds has been delayed as the CSE has not yet approved the re-listing of the company.

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. $50,000 in cash was paid upon the signing of the agreement in the form of a non-refundable deposit. In addition, the following terms are part of the acquisition agreement:

(1) a further $50,000 portion of the cash portion of the purchase price was amended to be payable by the Issuer on the earlier of:

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

(2) the closing of the acquisition was extended to prior to July 31, 2015;

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, which has subsequently been extended to December 31, 2015. The date for the payment of the second amount for $50,000 that was due as indicated above has also been extended to December 31, 2015. Most recently, the Company has since entered into a new agreement to acquire Privco, dated January 14, 2016. 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. 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 "Material Event" by the CSE which requires a new listing application to be approved.

SELECTED QUARTERLY INFORMATION

The financial information below reflects the consolidated figures of both Alibaba Innovations Corp. and AGC and the later amalgamated entity, Alibaba Innovations Corp.

		Net Loss and Comprehensive Loss						
Quarter ended	Total revenue	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)	Total assets	Total long-term liabilities	Working Capital/(Deficit)
		$	$	$	$	$	$	$
Dec 31,2015	-	(49,857)	-	(49,857)	(0.001)	26,176	-	(68,089)
Sept 30,2015	-	(98,508)	-	(98,508)	(0.001)	72,188	-	(18,233)
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

(i) On a non-diluted basis

Factors Affecting Quarterly Results:

Quarterly variances occur mainly due to the recorded impairment of exploration and evaluation assets, which were $9,000 for the first quarter of 2015 (first quarter of 2014 - $Nil), the main factors affecting the second and third quarter expenses are legal fees incurred from creating the new platform, legal fees to re-list the Company because of the additional type of business, the regulatory costs due to seasonal factors, administrative costs and fees related to specific projects, property maintenance, business partnerships, and levels of exploration activities.

RESULTS OF OPERATIONS

The Company has no revenue or operating cash flow. As a result of its activities, the Company continues to incur net losses. For the twelve months ended December 31, 2015, the Company's net loss and comprehensive loss was $299,168 compared to a net loss of $256,221 for the twelve month period ended December 31, 2014.The net loss for the three months ended December 31, 2015 was $49,857 compared to $18,2005 in the same period in 2014.

The main components of the Company's loss were:

	Year ended December 31 2015	2014
	$	$
Professional fees	122,104	19,000
Transaction costs	50,000	-
Transfer agent and filing fees	31,792	2,500
Loss on note receivable	28,978	-
Consulting fees	23,340	54,000
Video preparation and programmimg	16,750	-
Insurance	11,088	12,096
Exploration and evaluation expenditures	9,500	132,515
Travel and investor relations	2,892	10,884
Office and general	2,724	4,326
Stock option compensation	-	20,900
Total expenses	**299,168**	**256,221**

The past few years have been extremely difficult for junior exploration companies, and a realization that the current market for junior exploration companies especially requires the need to conserve cash more than ever. This has been managed against the costs associated with the parallel need to manage a compliant public company and the maintenance of its assets in good standing. As a result, a decision to change the direction for the business has been made by the company, away from the mining industry to an opportunity in creating a virtual space platform for use in the real estate development industry, at the same time maintaining the ability to consider exceptional opportunities under the mining umbrella.

In 2015, $50,000 was paid as a non-refundable deposit pursuant to the agreement to acquire Privco. This amount was expensed as a cost of the transaction. See details above.

In 2015, professional fees were paid of $122,104, 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 Stock Exchange (the "CSE") due to the transaction with Privco which is a "Material Event".

In addition $39,250 has been incurred for programming and video production costs for the development of the virtual space platform.

The Company was unable to realize on its note receivable when it became due.

The balance of the costs were for year end 2015 audit and accounting fees. Approval is pending from the CSE for re-listing.

Fees to complete the re-listing of the Company were $12,500, there are further fees yet to be recorded of approximately $9,000 to complete the listing. There were no significant variations in the other general and administration expenses in 2015 compared to 2014.

MINERAL PROPERTY EXPENDITURES

From the date of incorporation of January 29, 2014 to December 31, 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 Annual option share issuance of the WestZen Claims	-	100,000 @ 0.06share =$6,000	-		-	-
Property Totals at December 31, 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 the $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 claims on this property have been allowed to lapse with no obligations remaining on the property.

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. Due to the limited size of the mineralization, the association with sulphur rich minerals, its proximity to a dammed lake with shoreline restrictions and its location, no further work was done on this property.

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 were optioned by Xmet Inc. who then entered into 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.

As a result of unfavourable geophysical survey results, the WestZen Hearst claim option was returned to the original claimholders on October 15, 2015. The return of these claims alleviated the obligations of Alibaba Graphite Corp. from undertaking $42,000 in assessment work, issuing 100,000 of the Company's common shares, paying $10,000 and paying management fees to hold the property for another year. The return of the Company's pro-rated interest in the property has resulted in a reduction of 53% of its previous land holdings. In addition the joint venture agreement with Xmet Inc. on these claims has been terminated.

LIQUIDITY AND CAPITAL RESOURCES

On February 28, 2014, 4DVS 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 December 31, 2015 4DVS had a cash balance of $7,475.

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.

Currently the Company has a non-capital losses carried forward of $337,610 of which $126,920 expires in 2034, and $210,690 expires in 2035, and are 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 December 31, 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. To minimize shareholder dilution no participation in the company's stock position was undertaken by the executive officers in 2015. As of December 31, 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.

ENVIRONMENTAL LIABILITIES

The Company is not aware of any environmental liabilities, obligations or responsibilities associated with the Company's mining interests.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Statement of compliance

The consolidated audited financial statements for the year ended December 31, 2015 and December 31 , 2014 were been prepared in in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2015.

Basis of presentation

The policies applied in the consolidated financial statements are based on IFRS issued and outstanding as of April 28, 2016, the date the Board of Directors approved the financial statements. The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of Consolidation

4DVS' precursor company, Cuprum Coating Acquisition Corp., was incorporated under the laws of British Columbia on September 19, 2013 and has been inactive since that time. On December 11, 2014, 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 a three-cornered amalgamation with Alibaba Graphite Corp. ("AGC") wherein the two companies were amalgamated and became listed on the Canadian Stock Exchange ("CSE") under the symbol "ABJ". Pursuant to the amalgamation, ABJ completed a forward stock split of its existing share capital consisting of 14,403,698 common shares on the basis of two and one-half for every one outstanding resulting in 36,009,145 shares and issued 33,810,102 to the existing shareholders of Alibaba Graphite Corp. for a total of 69,819,247 post amalgamation.

On June 26, 2015 the Company changed its name from Alibaba Innovations Corp. to 4D Virtual Space Ltd. 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. Subsequently extended to December 31, 2015. The Company has since entered into a new agreement to acquire Privco, dated January 14, 2016. This transaction is subject to regulatory approval to complete the transaction.

The trading in the shares of the Company has been halted pending regulatory approval for the above transaction as it is considered to be a "Material Event" by the CSE which requires a new listing application to be approved.

These financial statements reflect the operations of 4DVS and AGC on a consolidated basis. AGC is a mineral exploration company, as of December 31, 2015, engaged in the exploration of prospective high purity graphite properties in the region north of Hearst, Ontario. Going forward the Company will be involved both in mineral exploration through its subsidiary, AGC, and in the business of creating and developing a virtual space platform for use in the real estate development industry through Privco, once regulatory approval has been given.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Significant accounting judgments and estimates

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

SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), The policies applied in these financial statements are based on IFRSs issued and outstanding as of April 28th, 2016, the date the Board of Directors approved the statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets to fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Note 2 (e).

(c) Basis of Consolidation

The consolidated financial statements include the accounts of 4D Virtual Space Ltd (Formerly Alibaba Innovations Corp.) (the "Company") and its wholly owned subsidiary Alibaba Graphite Corp.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(e) Use of estimates and judgements

The preparation of the financial statements in conformity 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. Actual results may differ from these estimates.

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.

Assumptions and estimation uncertainties that have a significant risk of resulting material adjustment within the next financial year are as follows:

(i) Income taxes and recoverability of potential deferred tax assets

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

(i) Income taxes and recoverability of potential deferred tax assets (continued)

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate
to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(ii) Share-based payments

Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates Black-Scholes input assumption's including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(f) Financial instruments

Financial assets and liabilities are initially recognized at fair value plus any directly attributable transaction costs except for those which are designated at fair value through profit or loss.

(i) 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 at fair value through profit or loss:

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: (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 (iii) 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:

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:

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:

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. Accounts receivable and loan receivable are classified as loans and receivables.

Impairment of financial assets:

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.

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 initially recognizes debt securities issued and subordinated liabilities on the date that they are 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.

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.

(i) Derivative financial instruments:

The Company does not have any derivative financial instruments.

(g) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred in mineral properties not commercially viable and financially feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

(h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Company has no material provisions at December 31, 2015 and December 31, 2014.

(i) Share capital

Common shares

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

(j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized with regards to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from transactions recognized in equity. Therefore, when deferred taxes relate to equity items, a backwards tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in valuation allowance) that should be recorded in equity. For this purpose, the accounting policy of the Company is to first allocate changes in valuation allowance to capital losses due to share issuance costs before non-capital losses carryforwards.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common
shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which share options granted to employees and directors.

These potential common shares are not included in the calculation of the weighted average number of outstanding shares for diluted loss per common share when the effect would be anti-dilutive.

(l) New standards and interpretations not yet adopted

IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(m) Restoration, rehabilitation and environmental obligations:

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period
for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

As at December 31, 2015 has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

3. CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure continuity as a going-concern as well as to safeguard its ability to continue its acquisition and exploration programs. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company considers its capital to be equity, which comprises share capital, reserves, accumulated other comprehensive loss and accumulated deficit, which at December 31, 2015, totaled $(555,389) (December 31, 2014 - $256,221).

To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long-term debt as the Company does not currently generate operating revenues. There is no dividend policy.

The Company's management of capital remained unchanged since the prior year.

4. FINANCIAL RISK MANAGEMENT

Fair value

Certain of the Company's accounting policies and disclosures require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that financial asset or financial liability.

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:
- Level 1: defined as observable inputs such as quoted prices in active markets.
- Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data and, therefore, requiring entities to develop their own assumptions.

The carrying values of short-term financial assets and liabilities, which include trade accounts receivable, other receivables, trade accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these items.
As of December 31, 2015 and December 31, 2014, all financial instruments held at fair value are considered to be level 1 under the fair value hierarchy.

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, trade accounts receivable and other receivables. Cash is held with a select major Canadian chartered bank, from which management believes the risk of loss to be minimal. Trade accounts receivable and other receivables consist of receivables from unrelated companies. Amounts receivable are in good standing as of December 31, 2015. Management believes that the credit risk with respect to these amounts receivable is minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2015, the Company had cash of $7,475 (December 31, 2014 - $191,745) to settle trade accounts payable and accrued liabilities of $94,265 (December 31, 2014 - $18,270) the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. To date the Company has been unsuccessful in securing additional financing in an extremely weak junior exploration company capital market. Management is continuing in its efforts to secure a financing and believes it will be successful.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash and cash equivalent balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is nil.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) Cash is subject to floating interest rates. The Company has no variable debt and receives low interest rates on its cash and cash equivalents balances. As such, the Company does not have significant interest rate risk.

i) *Share-based payments*

Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporate certain input assumptions including the future volatility of the stock price, expected dividend yield, and expected life. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Critical accounting judgments

i) *Provision for income taxes*

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax- related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii) *Categorization of financial assets and liabilities*

The categorization of financial assets and liabilities is an accounting policy that requires management to make judgements or assessments.

New accounting standards and interpretations

(j) New standards and interpretations not yet adopted

IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company considers its capital to be equity, comprising share capital and reserves net of deficit which, at December 31, 2015, totaled negative $68,089 (December 31, 2014–$225,079). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, and acquire or dispose of assets to adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including but not limited to source and use of capital and general industry conditions.

The Company's capital management objectives, policies and processes have remained unchanged during the period ended December 31, 2015.

PROPERTY AND FINANCIAL RISK FACTORS

The Company is exposed to property risk and a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risks) as explained below.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(a) Property risk

Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon the existing projects. If no additional major mineral exploration properties are acquired by the Company, any adverse development affecting these projects would have a material adverse effect on the Company's financial condition and results of operations.

(b) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of short-term deposits, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal. Sundry receivables consist of harmonized sales tax due from the Federal Government of Canada of $7,693 and subscriptions receivable of $10,000. Sundry receivables of $17,693 are in good standing as of December 31, 2015 and represent the maximum credit exposure. Management believes that the credit risk concentration with respect to sundry receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at December 31, 2015, the Company had cash of $7,475 (December 31, 2014 - $191,745) to settle current liabilities of $94,265 (December 31, 2014 - $18,270). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is 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 creditworthiness of its banks.

(ii) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, copper, silver, lead, zinc and molybdenum to determine the appropriate course of action to be taken by the Company.

(c) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period.

As at December 31, 2015, if interest rates had decreased/increased by 1% with all other variables held constant, the Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold, copper, silver, lead and zinc. Gold, copper, silver, lead and zinc prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of gold, copper, silver, lead and zinc may be produced in the future, a profitable market will exist for them. As of December 31, 2015, the Company was not a gold, copper, silver, lead and zinc producer. As a result, gold, copper, silver, lead and zinc price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

RISK FACTORS

Due to the nature of the Company's business, it is subject to various financial, environmental and operational risks that should be carefully considered by readers. In addition to other information set forth elsewhere in the Consolidated Financial Statements, readers should carefully review the following risk factors.

Credit risk

The Company assesses the potential losses of its prepaid and sundry receivables and maintains a provision for losses based on their estimated realizable value.

Exploration, Development and Mining Risks

Resource exploration, development and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Unusual or unexpected formations, formation pressures, fires, power and water outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company will rely upon consultants and others for exploration and development expertise.

The Company's projects are in the exploration stages only and are each without a known body of commercial ore. Development of the Company's projects would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Company's projects and any other properties the Company may acquire or its operations. Such restrictions may have a material adverse effect on the Company's business and results of operation.

Title to Mineral tenure

The Company believes it has taken reasonable measures to ensure that title to the mineral tenure is held as described in this Filing Statement. There is no guarantee that title to any of the mineral tenures covering the Company's projects will not be challenged or impaired. No assurances can be given that title defects to the mineral tenure do not exist. The mineral tenures and the land to which they apply may be subject to prior unregistered agreements, or interests and title may be affected by undetected defects. There may be valid challenges to the title of any of the mineral tenures covering the Company's projects that, if successful, could impair development and/or operations. A defect could result in the Company losing all or a portion of its right, title and interest in and to the properties to which the title defect relates.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons.

Environmental and Safety Regulations and Risks

All of the Company's operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether.

The Company may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. In addition, environmental hazards may exist on a property in which the Company directly or indirectly holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to minimize potential risks and liabilities associated with pollution of the environment and the disposal of waste products by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to international environmental standards. There is also a risk that the environmental laws and regulations in China may become more onerous, making the Company's operations in that country more expensive.

Future Profits/Losses and Production Revenues/Expenses

There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and, if warranted, commercial production of the Company's projects and any other properties the Company may acquire are added as needed. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to incur losses unless and until such time as the Company's projects and any other properties the Company may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's projects and any other properties the Company may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development of the properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

The international mining industry is highly competitive and the Company competes with other mining companies, many of which have greater resources and experience. Competition in the precious metals mining industry is primarily for: mineral rich properties which can be developed and can produce economically; the technical expertise to find, develop and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a worldwide basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Key Employees

The Company will depend on a number of key employees, the loss of any one of whom could have an adverse effect on the Company.

Fluctuating Mineral Prices

Commodity prices are highly volatile and factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors cannot be predicted.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other natural resource companies or companies providing services to the Company or they may have significant shareholdings in other resource companies. Situations may arise where the directors and/or officers of the Company may be in competition with the

Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. 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. In accordance with applicable laws, 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.

Limited Operating History

There is no assurance that the Company will earn profits in the future, or that profitability, if achieved, will be sustained. If the Company does not have sufficient capital to fund its operations, it may be required to forego certain business opportunities. The Company may also have a reduced interest or lose its interest in the properties.

Future Capital Requirements

The Company will require additional financing in order to grow and expand its operations. It is possible that required future financing will not be available or, if available, will not be available on favourable terms. If the Company issues treasury shares to finance its operations or expansion plans, control of the Company may change and shareholders may suffer dilution of their investment. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Management of Growth

Any expansion of the Company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Company will be able to manage growth successfully. Any inability of the Company to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may expand its operations through the acquisition of additional businesses, products or technologies that it believes will complement its current or future business. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional businesses or successfully integrate any acquired businesses, products or technologies into the Company without substantial expenses, delays or other operational or financial problems. Furthermore, acquisitions involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, there can be no assurance that the Company can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit the Company's business. An acquisition could also result in a potentially dilutive issuance of equity securities. If a strategy of growth through acquisition is pursued, the failure of the Company to manage this strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Government Regulations

The Company may be subject to various laws, regulations, regulatory actions and court decisions that may have negative effects on the Company. Changes in the regulatory environment imposed upon the Company could adversely affect the ability of the Company to attain its corporate objectives.

Share Price Volatility

The market price of the Company Shares is highly volatile and may be significantly affected by factors such as actual or anticipated fluctuations in the Company's operating results, announcements of technological innovations, changes in estimates or analysis by securities analysts, new exploration projects by the Company or its competitors, government regulatory action, general market conditions and other factors.

OUTLOOK

The Company is dependent on obtaining financing for the exploration and development of mineral properties and any new projects. The Company needs to secure funding in order to continue acquiring, developing and maintaining properties in good standing. Management is currently exploring various financing alternatives in order to fund its planned exploration activities. Given the current market in which junior exploration mining companies find themselves, this has been an incredibly difficult task. There is no assurance that such financing will be available when required, or under favourable terms. The current involvement with creating and developing a virtual space platform for use in the real estate development industry offers an opportunity to diversify the Company's business.