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

Management's Discussion and Analysis
For the nine month period ended September 30, 2016
As at November 29, 2016

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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 "4DVS") and should be read in conjunction with the three and nine month periods interim consolidated unaudited financial statements of the Company for the period ended September 30, 2016 including other pertinent events subsequent to that date up to and including November 29, 2016. The following information should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS), consistently applied.

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".

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.

DESCRIPTION OF BUSINESS

Alibaba Innovations Corp.'s ("AIC" or the "Company') 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. ("AIC") to 4D Virtual Space Ltd.("4DVS") 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 agreement terminated on December 31, 2015 and 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 agreement with Privco has been terminated.

On November 3, 2016 the Company's name was changed to "Supreme Metals Corp." to reflect the change in the direction of the Company back to a resource company, the name of the Company is being changed to be more indicative of that change.

In order to effect the return to a resource company an option on The Shotgun Property has been entered into as follows:

On August 8, 2016, Alibaba Graphite Corp. ("AGC") entered the Property Option Agreement with the Owners of the Property to acquire the Shotgun Property, a copper and gold porphyry property. Under the terms of the agreement, AGC may earn a 100% interest in the three mineral blocks comprising the Shotgun Property, subject to a 3% NSR Royalty, by making a cash payment of $10,000, issuing 10,200,000 common shares, and completing $1,000,000 in exploration work by May 31, 2020.

Payment of the $10,000 to the Owners was made by an arms-length party.

The $1,000,000 in exploration must be completed on or before the following dates:

Date Completed By	**Amount**
May 31, 2017	$50,000
December 31, 2018	$100,000
December 31, 2019	$300,000
December 31, 2020	$550,000
Total	**$1,000,000**

Excess expenditures from one year are able to be applied to subsequent years, and in the case of any shortfall in exploration expenditures in a given year the option can be maintained in good standing through making a payment equivalent to the shortfall to the Owners. Should the Company fail to incur the minimum exploration expenditures (or cash payment in lieu thereof) the option will terminate and the Company will earn no interest in the Property.

The Owners will retain a 3% NSR Royalty on the Property, of which the Company will have the right to purchase one-third (1% NSR) for $1.0 million at any time prior to the commencement of commercial production. Beginning on May 31, 2020, and annually thereafter, the Company will be required to make an Annual Advance Minimum Royalty (AAMR) payment of $100,000. The AAMR and NSR buyout payments will be adjusted annually according to the CPI with a base of May 31, 2020. The AAMR payments are deductible from future NSR payments.

These financial statements reflect the operations of 4DVS and AGC on an interim consolidated basis. AGC is a mineral exploration company specifically engaged in the exploration of prospective high purity graphite properties in northern Ontario. Going forward the Company will be involved both in mineral exploration through its subsidiary, AGC.

Funds have been advanced of $ 21,137 from arm's length parties, to enable the Company to move forward. These loans have no specific terms of repayment. This amount includes the $10,000 paid on the Shotgun option.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully raise the capital to implement the investment plan. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company has a working capital deficit at September 30, 2016 of $187,167 (December 31, 2015-$68,089) and an accumulated deficit of $674,467 (December 31, 2015-$555,389).

The success of the Company is dependent upon certain factors that may be beyond management's control. If the Company is unable to fund its investments or otherwise fails to invest in an active business, its business, financial condition or results of operations could be materially and adversely affected. All of these facts raise uncertainty about the Company's ability to continue as a going concern. The Company's ability to launch its operations, as intended is dependent on its ability to obtain necessary financing and raise capital sufficient to cover its exploration and other costs. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue in existence.

Due to the change in business back to a resource company, an application has been filed with the Canadian Stock Exchange ("The CSE") to be relisted. The application is currently being reviewed by the CSE. With the expectation of the relisting being approved a private placement consisting 10,000,000 units at $0.05 per unit in order, to raise $500,000 has been put in place. Each unit consists of one Common Share and one Share purchase warrant exercisable at $0.05 for two years. To the date of this MD&A $712,000 has been raised. These funds remain in escrow up until the re-listing has been approved.

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. As these costs are non-refundable, they were recorded in the statement of operations for the year ended December 31, 2015.

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 had 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 this time 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 regulators; which requires a new listing application to be approved.

The agreement with Privco has been terminated.

EXPLORATION AND EVALUATION EXPENDITURES

As a result of the amalgamation with AGC, Alibaba Innovations Corp. acquired or had 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, had been optioned to Xmet Inc., who had 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 was the Maverick Graphite Property located north of the town of Cochrane.

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. In addition the joint venture agreement with Xmet Inc. on these claims has been terminated.

Option on The Shotgun Property

On August 8, 2016, Alibaba Graphite Corp. ("AGC") entered the Property Option Agreement with the Owners of the Property to acquire the Shotgun Property. Under the terms of the agreement, AGC may earn a 100% interest in the three mineral blocks comprising the Shotgun Property, subject to a 3% NSR Royalty, by making a cash payment of $10,000, issuing 10,200,000 common shares, and completing $1,000,000 in exploration work by May 31, 2020.

Payment of the $10,000 to the Owners has been made by an arms-length party.

The $1,000,000 in exploration must be completed on or before the following dates:

Date Completed By	Amount
May 31, 2017	$50,000
December 31, 2018	$100,000
December 31, 2019	$300,000
December 31, 2020	$550,000
Total	**$1,000,000**

Excess expenditures from one year are able to be applied to subsequent years, and in the case of any shortfall in exploration expenditures in a given year the option can be maintained in good standing through making a payment equivalent to the shortfall to the Owners. Should the Company fail to incur the minimum exploration expenditures (or cash payment in lieu thereof) the option will terminate and the Company will earn no interest in the Property.

The Owners will retain a 3% NSR Royalty on the Property, of which the Company will have the right to purchase one-third (1% NSR) for $1.0 million at any time prior to the commencement of commercial production. Beginning on May 31, 2020, and annually thereafter, the Company will be required to make an Annual Advance Minimum Royalty (AAMR) payment of $100,000. The AAMR and NSR buyout payments will be adjusted annually according to the CPI with a base of May 31, 2020. The AAMR payments are deductible from future NSR payments.

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 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.

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. In addition the joint venture agreement with Xmet Inc. on these claims has been terminated. On November 9, 2015 the 2 unit, Maverick claim 4267292 was allowed to expire. On February 9, 2016 the 4 remaining claims of the Maverick Property were allowed to expire.

Option on the Shotgun Property

On August 8, 2016, Alibaba Graphite Corp. ("AGC") entered the Property Option Agreement with the Owners of the Property to acquire the Shotgun Property. Under the terms of the agreement, AGC may earn a 100% interest in the

three mineral blocks comprising the Shotgun Property, subject to a 3% NSR Royalty, by making a cash payment of $10,000, issuing 10,200,000 common shares, and completing $1,000,000 in exploration work by May 31, 2020.

Payment of the $10,000 to the Owners has been made by an arms-length party.

The $1,000,000 in exploration must be completed on or before the following dates:

Date Completed By	Amount
May 31, 2017	$50,000
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Excess expenditures from one year are able to be applied to subsequent years, and in the case of any shortfall in exploration expenditures in a given year the option can be maintained in good standing through making a payment equivalent to the shortfall to the Owners. Should the Company fail to incur the minimum exploration expenditures (or cash payment in lieu thereof) the option will terminate and the Company will earn no interest in the Property.

The Owners will retain a 3% NSR Royalty on the Property, of which the Company will have the right to purchase one-third (1% NSR) for $1.0 million at any time prior to the commencement of commercial production. Beginning on May 31, 2020, and annually thereafter, the Company will be required to make an Annual Advance Minimum Royalty (AAMR) payment of $100,000. The AAMR and NSR buyout payments will be adjusted annually according to the CPI with a base of May 31, 2020. The AAMR payments are deductible from future NSR payments.

A finder's fee is to be paid by the Company to an arms-length party of 500,000 common shares at $0.05 per share as consideration for the finder introducing the Company to the Owners and the Shotgun Property, and for assisting in negotiating and settling the Property Option Agreement.

Pursuant to the option agreement, 10,200,000 common shares at $0.05 per share are to be issued at the end of November 2016.

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.

This fund raising effort is no longer being pursued. The Company is currently completing a financing of a minimum 10,000,000 units at $0.05 per unit, to raise a minimum of $500,000. Each unit consists of one Common Share and one Share purchase warrant exercisable at $0.05 for two years. To the date of this report, $712,000 has been raised. These funds remain in escrow until the Company is re-approved for listing on the CSE. Further, the Company is to pay a finder's fee in connection with the Offering of up to 8% of the gross proceeds received by the Company 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 Company 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 are to be subject to a four-month hold period. The Offering is subject to receipt of all applicable regulatory approvals.

Funds have been advanced of $ 21,137 from arm's length parties, to enable the Company to move forward. These loans have no specific terms of repayment. This amount includes the $10,000 paid on the Shotgun option.

SELECTED QUARTERLY INFORMATION

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

		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)
		$	$	$	$	$	$	$
Sept 30,2016		(48,664)	-	(48,664)	(0.001)	13,786	-	(187,167)
June 30, 2016		(51,369)	-	(51,369)	(0.001)	8,200	-	(187,167)
March 31,2016	-	(19,045)	-	(19,045)	(0.001)	15,376	-	(119,458)
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

(i) On a non-diluted basis

Factors Affecting Quarterly Results:

The main categories of three and nine month period to September 30, 2016 expenses are legal fees incurred to relist the Company, the technical fees paid to create the website, programming and video preparation, and consulting fees to continue the advancement of the entity into the marketplace by setting the ground work for when the Company is re-listed. In addition are ongoing regulatory and administrative costs.

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 three and nine months ended September 30, 2016, the Company incurred a net loss of $19,045 and $119,078 respectively compared to a net loss of $98,508 and $249,311 for the same period in 2015.

The main components of the Company's loss were:

		Three months ended September 30		Nine months ended September 30	
	Note	2016	2015	2016	2015
		$	$	$	$
Consulting fees	(a)	9,000	-	46,333	840
Video preparation, website development and programming	(b)	-	-	25,340	-
Professional fees	(c)	5,312	45,489	26,993	60,213
Filing fees		2,743	11,432	8,938	24,444
Insurance		1,840	6,048	6,712	8,064
Acquisition costs		-	50,000	-	50,000
Exploration and evaluation expenditures		-	9,500	-	9,500
		18,896	122,469	114,317	153,061

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 challenge 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 change of direction 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 looking for new projects under the mining umbrella.

Analysis of third quarter and year-to-date expenses

(a) Professional fees consist mainly of legal fees -$13,603 incurred to complete the documents to relist the company. Accounting and audit fees account for the balance of $13,390 to a total amount of $26,993 for the nine month period.
(b) Video preparation, website development and programming costs of $25,340 represented the ongoing costs of writing the programs and preparing the website to prepare for the activation of the platform. These costs will no longer be incurred due to the cancellation of the agreement and the decision not to move forward with this platform.
(c) Consulting fees of $9,000 for the three month and $46,333 for the nine month periods, were for investor relation services in preparation for the re-listing of the Company by the end of the year, and for consultants who have been involved in finding new mining properties to effect the change back to a full junior exploration stage mining company; since the agreement with Privco for the virtual space platform for use in the real estate development has been terminated.

MINERAL PROPERTY EXPENDITURES

All claims held previously by the Company had been terminated by December 31, 2015.

Additional new projects are being researched and have resulted in, initially, the acquisition of the Shotgun Property.

Shotgun Property

On August 8, 2016, Alibaba Graphite Corp. (“AGC”) entered the Property Option Agreement with the Owners of the Property to acquire the Shotgun Property. Under the terms of the agreement, AGC may earn a 100% interest in the three mineral blocks comprising the Shotgun Property, subject to a 3% NSR Royalty, by making a cash payment of $10,000, issuing 10,200,000 common shares, and completing $1,000,000 in exploration work by May 31, 2020.

Payment of the $10,000 to the Owners has been made by an arms-length party.

The $1,000,000 in exploration must be completed on or before the following dates:

Date Completed By	Amount
May 31, 2017	$50,000
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December 31, 2019	$300,000
December 31, 2020	$550,000
Total	**$1,000,000**

Excess expenditures from one year are able to be applied to subsequent years, and in the case of any shortfall in exploration expenditures in a given year the option can be maintained in good standing through making a payment equivalent to the shortfall to the Owners. Should the Company fail to incur the minimum exploration expenditures (or cash payment in lieu thereof) the option will terminate and the Company will earn no interest in the Property.

The Owners will retain a 3% NSR Royalty on the Property, of which the Company will have the right to purchase one-third (1% NSR) for $1.0 million at any time prior to the commencement of commercial production. Beginning on May 31, 2020, and annually thereafter, the Company will be required to make an Annual Advance Minimum Royalty (AAMR) payment of $100,000. The AAMR and NSR buyout payments will be adjusted annually according to the CPI with a base of May 31, 2020. The AAMR payments are deductible from future NSR payments.

A finder's fee is to be paid by the Company to an arms-length party of 500,000 common shares at $0.05 per share as consideration for the finder introducing the Company to the Owners and the Shotgun Property, and for assisting in negotiating and settling the Property Option Agreement.

Pursuant to the option agreement, 10,200,000 common shares at $0.05 per share are to be issued at the end of November 2016.

LIQUIDITY AND CAPITAL RESOURCES

In February, 2015 $5,000 was received from subscriptions receivable from the previous non-brokered private placement. In the period up to the date of this report the remaining balance of subscriptions of $10,000 was received.

As of September 30 2016 4DVS had a cash balance of $4.

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 was to 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 would 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 was to 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 were to be subject to a four-month hold period. The Offering is subject to receipt of all applicable regulatory approvals. This private placement is no longer being pursued.

A new private placement has been announced whereby funds are to be raised of a minimum of 10,000,000 units at $0.05 per unit, to raise a minimum $500,000. Each unit consists of one Common Share and one Share purchase warrant exercisable at $0.05 for two years. Up to November 29, 2016, $712,000 has been raised. These funds are being held in escrow until the re-listing of the company has been completed.

Currently the Company has a non-capital loss carried forward of $337,610 which expires in 2035, 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 September 30, 2016:

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 September 30, 2016, 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 audited 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"), effective for the Company's reporting for period ended December 31, 2015.

The unaudited consolidated interim financial statements for the period ended September 30, 2016 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

Basis of presentation

The policies applied in the interim unaudited consolidated financial statements are based on IFRS issued and outstanding as of November 29, 2016, the date the Board of Directors approved the financial statements. The interim unaudited 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

Alibaba Innovations Corp.'s ("AIC" or the "Company') 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., and subsequently to 4D Virtual Space Ltd. ("4DVS"). 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.

The trading in the shares of the Company has been halted pending regulatory approval for the change of business back to a junior mining exploration company as it is considered to be a "Material Event" by the regulators 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 which was specifically engaged in the exploration of prospective high purity graphite properties in the region north of Hearst, Ontario. Going forward the Company will be involved in mineral exploration through its subsidiary, AGC. The prior business of creating and developing a virtual space platform for use in the real estate development industry through Privco has been terminated. 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.

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34 'Interim Financial Reporting'. These condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and included in Part 1 of the Handbook of the Chartered Professional Accountants of Canada.

(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 interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these interim 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 interim 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 (e).

(c) Basis of Consolidation

The interim 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 interim 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.

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 incurred. 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 September 30, 2016 and December 31, 2015.

(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 September 30, 2016 the Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

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 September 30, 2016 totaled negative $187,167 (December 31, 2015 –$68,089). 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 September 30, 2016.

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 dependent upon the development of the virtual reality platform and any additional mineral properties that may be acquired in the future. 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 $100 due from the founding shareholders. 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 September30, 2016 the Company had cash and cash equivalents of $4 (December 31, 2015-$7,475) to settle current liabilities of $200,953 (December 31, 2015-$94,265). 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.
Cash equivalents include deposits at call which are at variable rates. As at September 30, 2016 if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the nine months ended September 30, 2016 would have been not affected as a result of lower/higher interest income from cash equivalents. Similarly, as at September 30, 2016, reported shareholders' deficit would have not affected as a result of lower/higher interest income from cash equivalents due to a 1% decrease/increase in interest rates.
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 September 30, 2016 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.

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

Since capital markets in Canada appear to be improving in regards to being able to raise funding, the Company has decided to return to being an exploration stage junior mining company. As always the Company is dependent on obtaining the acquisition of mineral properties and any new projects. The Company needs to secure funding in order to continue operating. Management is currently exploring various financing alternatives in order to fund its planned activities. Given the current market in which junior exploration mining companies find themselves, this has been an incredibly difficult task. Funds are being raised by the Company amounting to $712,000 to the date of this MD&A, although there is no assurance that further financing will be available when required, or under favourable terms for the Company operations. To reflect the change in operations, the Company has changed its name to Supreme Metals Corp.