URBANIMMERSIVE INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED MARCH 31, 2016 AND 2015

DATED MAY 25, 2016

SCOPE OF THIS MANAGEMENT DISCUSSION AND ANALYSIS AND NOTICE TO INVESTORS

This management discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of May 25, 2016, and complements the unaudited interim condensed financial statements of Urbanimmersive Technologies Inc. ("Urbanimmersive" or the "Corporation"), for the second quarter ended on March 31, 2016, which are compared to the second quarter ended March 31, 2015.

The interim condensed consolidated financial statements and related notes have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited consolidated financial statements of the Corporation and the notes thereto for the year ended September 30, 2015. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated.

The Corporation's independent auditors have not conducted a review of the interim condensed financial report in accordance with the standards established by the Canadian Institute of Chartered Accountants regarding the review of the interim financial report.

The unaudited interim condensed financial statements and the MD&A have been reviewed by the audit committee and approved by the Corporation's Board of Directors on May 25, 2016. These documents and more information about the Corporation are available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A are forward-looking statements or information. The Corporation is hereby providing cautionary statements identifying important factors that could cause the Corporation's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Corporation has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Corporation. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Corporation that could influence actual results include, but are not limited to: future capital requirements, intellectual property protection and infringement risks, competition, reliance on key management personnel and the other risks factors summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Corporation does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Corporation, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

HIGHLIGHTS

- Signing of a partnership agreement with Centris®. Centris® is a division of the Greater Montreal Real Estate Board exclusively offering technological resources to 12 real estate boards of Quebec and their more than 13,000 real estate brokers. Centris.ca is the website portal of the Quebec real estate industry for consumers, where all properties for sale by real estate brokers in Quebec are grouped at the same address;
- Strategic nomination of a new administrator on the Board of Directors, in the person of M. Éric Charbonneau, president of Centris®;
- Consolidation of technological development efforts linked to the future launch of the visual content marketplace into the Centris® network;
- Launch of the multilingual version (French/English/Spanish) of the real estate marketing content marketplace;
- Redesign of the www.urbanimmersive.com website;
- Signature of two reseller agreements s of the Urbanimmersive marketplace;
- Signature of a memorandum of understanding with RESAAS, the real estate social network of 370,000 real estate brokers;
- Announcement of a proposed private placement for a maximum amount of $1,500,000 through an agent.

ACHIEVEMENTS

Business development conducted in the second quarter of the 2016 financial year has laid a solid foundation for growth in the coming quarters. Indeed, on February 1, the Company announced the signing of a five-year partnership agreement with Centris® to local and international commercialization of its market place online of real estate content providers. The deployment of the market place is plan for the third and fourth quarters of the 2016 fiscal year and should allow the Company to increase the number of the market place's users from hundreds to thousands.

In preparation for deployment, the Company focused on the market place's technological and logistical development with his partner. Several technological developments are in progress to synchronize the market place up to the Centris® platform to adequately integrate the various users (real estate firms, real estate photography agencies, brokers and various content providers) and finally adjust some settings based on users' behaviours in the platform, since its limited launch in the previous quarter. In parallel, the Company invested in the translation of its market-place real estate content in English and Spanish, in preparation for the export of the solution outside the province of Quebec.

The Company has also appointed a new director in the person of Mr. Éric Charbonneau, on the Company's Board of Directors, as provided in the agreement signed with Centris®. Mr. Charbonneau will not receive any compensation from the Company. Mr. Charbonneau serves as CEO of the Real Estate Board of Greater Montreal. He is also the founder and CEO of Centris® division. Centris® develops and integrates B2B technological solutions delivered to over 13,000 real estate brokers and companies, related to business areas and operates the platform centris.ca for consumers.

The Corporation issued 1.4 million shares at of $0.075 following the exercise of 1.4 million warrants and received $105,000. These warrants are related to the warrants issued in the private placement of the previous quarter.

It is also during the second quarter that the company overhauled its www.urbanimmersive.com website. This website highlights the business direction taken by the company for several months.

The Company considers having sufficient short-term liquidity to execute its marketing plan. However, to be able to support a more aggressive growth plan, the Company recently announced a proposed private placement of a maximum amount of $1,500,000 through an agent. The Company expects to finalize this private placement in June 2016.

ABOUT URBANIMMERSIVE

Based in Laval, Quebec, Canada, Urbanimmersive is a digital media company dedicated to the online real estate market. The Corporation provides content marketing production services and innovative technology solutions specifically designed to increase productivity and business revenues of its customers. The Corporation's customers are primarily home builders, promoters, real estate brokers, brokerage agencies and real estate portal operators. For more information, visit www.urbanimmersive.com

SELECTED FINANCIAL INFORMATION

FINANCIAL POSITION ANALYSIS

	March 31, 2016	September 30, 2015	September 30, 2014
	$	$	$
Assets	651,384	697,596	762,959
Liabilities	527,357	652,628	665,186
Equity	124,027	44,968	97,773

ASSETS

Total assets at March 31, 2016 were $651,384 compared to $697,596 at September 30, 2015, a decrease of $46,212. Trade and other receivables have decreased by $15,813 and property and equipment and intangible assets by $30,618 and $20,120 respectively following the recognition of amortizations. However, cash has increased by $31,923 following the reception of the investment tax credits of $16,925 and the security deposit of $11,385. In addition, prepaid expenses have increased by $16,726 due to an amount of $10,000 paid in advance on the proposed private placement of $1,500,000.

LIABILITIES

Total liabilities at March 31, 2016 were $527,257 compared to $652,628 as of September 30, 2015, a decrease of $125,271. Trade and other payables have decreased by $112,745 and long-term debts by $31,213 due to repayments of capital. However, these decreases were off-set by an increase of convertible debentures of $21,687 due to the recognition of theoretical interest and amortization of cost related to the issuance of convertible debentures.

EQUITY

Equity totalled $124,027 at March 31, 2016 compared to $44,968 at September 30, 2015, an increase of $79,059 mostly resulting from the completion of a private placement of $364,000, less issuance costs of $18,062, the issuance of shares as part of debt settlement for an amount of $42,073 and to the issuance of shares following the exercise of warrant for $105,000. These increases were however off-set by the period net loss of $444,695 and by the recognition of share-based payments of $30,743. Readers are invited to refer to the statement of changes in equity of the unaudited interim condensed financial statements for more details.

OPERATING RESULTS ANALYSIS

	Three months ended March 31, 2016	Three months ended March 31, 2015	Six months ended March 31, 2016	Six months ended March 31, 2015
	$	$	$	$
Revenue	185,468	230,227	369,164	595,803
Cost of sales	180,883	193,898	349,703	340,165
Gross profit	**4,585**	**36,329**	**19,461**	**255,638**
Operating expenses	234,082	208,144	439,350	447,000
Other expenses	15,955	13,199	34,806	28,746
Net loss and comprehensive loss	**(245,452)**	**(185,014)**	**(444,695)**	**(220,108)**
Basic and diluted net loss per common share	**(0,01)**	**(0,01)**	**(0,01)**	**(0,01)**

THREE MONTH PERIOD ENDED MARCH 31, 2016 COMPARED TO THE THREE MONTH PERIOD ENDED MARCH 31, 2015

The net loss for the three month period ended March 31, 2016 was $245,452 or ($0.01) per share, compared to $185,014 or ($0.01) per share for the same period in 2015.

The net loss increase of $60,438 is due to the following important changes:

REVENUE

Revenues totalled $185,468 compared to $230,227 in 2015, a decrease of $44,759 or 19.44%. This decrease comes directly from a decrease in visual content revenues of $28,848 and advertising revenues of $20,255. The decrease in visual content revenues is due to the signature in 2015 of an agreement with REMAX for the design of a web site totalling $33,697. The decrease in advertising revenues is due to the signature in 2015 of an agreement with l'APCHQ for a blog platform.

GROSS PROFIT

The Corporation recorded a gross profit of $4,585 compared to $36,329 in 2015. This decrease in gross margin mainly resulted from a decrease in revenue as disclosed above. Cost of sales went from $193,898 in 2015 to $180,883, a decrease of $13,015 or 6.71% mainly due to a decrease in advertising fees directly related to the traffic acquired for the APCHQ blog platform and to a reduction in rental fees of $5,927. However, these decreases were off-set by an increase in salaries of $6,206, subcontractor fees of $5,445 and office expenses of $5,108.

OPERATING EXPENSES

Operating expenses totalled $234,082 compared to $208,144 in 2015, an increase of $25,938 or 12.46%.

Selling expenses totalled $35,233 compared to $48,531, a decrease of $13,298 or 27.40% mainly due to a decrease in amortization of intangible assets for $8,920 and in equipment rental fees for $3 359.

Administrative expenses totalled $144,942 compared to $104 551, an increase of $40,391 or 38.63% mainly due to an increase in professional fees of $17,365, consulting fees of $31,150 and share-based payments of $6,411. However, these increases were off-set by a decrease in salaries of $17,071.

Research and development fees totalled $53,907 compared to $55,062, a decrease of $1,155 or 2.10% mainly due to a decrease in salaries of $7,903. However, this decrease was off-set by an increase in share-based payments of $7,298.

SIX MONTH PERIOD ENDED MARCH 31, 2016 COMPARED TO THE SIX MONTH PERIOD ENDED MARCH 31, 2015

The net loss for the six month period ended March 31, 2016 was $444,695 or ($0.01) per share, compared to $220,108 or ($0.01) per share for the same period in 2015.

The net loss increase of $224,587 is due to the following important changes:

REVENUE

Revenues totalled $369,164 compared to $595,803 in 2015, a decrease of $226,639 or 38.04%. This decrease comes directly from the software licenses revenues of $200,000 and services revenues of $30,000 in connection with the agreement signed with l'APCHQ in 2015. Visual content revenues and advertising revenues have also decreased by $16,454 and $30,922 respectively. However, transactional revenues and other revenues have increased by $34,094 and $10,768 respectively.

GROSS PROFIT

The Corporation recorded a gross profit of $19,461 compared to $255,638 in 2015. This decrease in gross margin mainly resulted from a decrease in revenue as disclosed above and from an increase in cost of sales which went from $340,165 in 2015 to $349,703, an increase of $9,538 or 2.80%. This increase is due to an increase in salaries of $30,277 and subcontractors fees of $15,719. However, these increases were off-set by a decrease in rental fees of $15,705 and advertising fees of $21,825 directly related to the traffic acquired for the APCHQ blog platform

OPERATING EXPENSES

Operating expenses totalled $429,350 compared to $447,000 in 2015, a decrease of $17,650 or 3.95%.

Selling expenses totalled $66,921 compared to $87,971, a decrease of $21,050 or 23.93% mainly due to a decrease in amortization of intangible assets for $17,753 and in equipment rental fees for $8,162. However, these decreases were off-set by an increase in share-based payments of $8,406.

Administrative expenses totalled $260,289 compared to $223,833, an increase of $36,456 or 16.29% mainly due to an increase in professional fees of $27,980, in consulting fees of $40,089, representation and travel fees of $5,697 and regulatory fees of $6,739. However, these increases were off-set by a decrease in salaries of $34,704 and share-based payments of $5,563.

Research and development fees totalled $102,140 compared to $135,196, a decrease of $33,056 or 24.45% mainly due to a decrease in salaries of $29,479 and in amortization of property and equipment and intangible assets of $1,522 and $3,425 respectively. However, these decreases were off-set by an increase in share-based payments of $5,398.

CASH FLOW ANALYSIS

	Three months ended March 31, 2016	Three months ended March 31, 2015	Six months ended March 31, 2016	Six months ended March 31, 2015
	$	$	$	$
Operating activities	(176,659)	(198,819)	(387,802)	(327,136)
Investing activities	-	-	-	(48,418)
Financing activities	85,384	(14,178)	419,725	395,838

THREE MONTH PERIOD ENDED MARCH 31, 2016 COMPARED TO THE THREE MONTH PERIOD ENDED MARCH 31, 2015

OPERATING ACTIVITIES

Operating activities required cash flows of $176,659 compared to $198,819 in 2015. This decrease in the use of cash flows is mainly due to the non-cash working capital items which generated cash flows of $7,795 compared to the use of cash flows of $68,102 in 2015. However, this improvement was off-set by the net loss increase after non-cash adjustments which went from $130,717 in 2015 to $184,454.

FINANCING ACTIVITIES

Financing activities generated cash flows of $85,384 compared to the use of cash flows of $14,178 in 2015. This improvement is due to the exercise, during the three-month period ended March 31, 2016, of 1,400,000 warrants for total proceeds of $105,000.

SIX MONTH PERIOD ENDED MARCH 31, 2016 COMPARED TO THE SIX MONTH PERIOD ENDED MARCH 31, 2015

OPERATING ACTIVITIES

Operating activities required cash flows of $387,802 compared to $327,136 in 2015. This increase in the use of cash flows is mainly due to the net loss increase after non-cash adjustments which went from $99,946 in 2015 to $341,527. However, non-cash working capital items required cash flows of $46,275 compared to $227,190 in 2015.

INVESTING ACTIVITIES

Investing activities required no cash flows compared to $48,418 in 2015 for the acquisition of automotive equipment.

FINANCING ACTIVITIES

Financing activities generated cash flows of $419,725 compared to $395,838 in 2015. During the six-month period ended March 31, 2016, the Corporation completed a private placement for total proceeds of $364,000 and 1,400,000 warrants were exercised for total proceeds of $105,000 compared to the completion of a private placement for total proceeds of $150,000, the issuance of convertible debentures for total proceeds of $250,000 and the signature of long-term debt agreements for a total amount of $146,000 during the same period of 2015.

QUARTERLY RESULT TRENDS (IN THOUSANDS OF $)

The operating results for each of the last eight quarters are presented in the following table. Management considers that the information for each of those quarters was determined in the same way as for our audited consolidated financial statements for the year ended September 30, 2015.

	2016		2015				2014	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	$	$	$	$	$	$	$	$
Revenue	185	184	119	196	230	365	140	155
Gross profit (loss)	5	15	(32)	8	36	219	(1)	1
Operating loss	(245)	(199)	(154)	(191)	(185)	(35)	(314)	(373)
Basic and diluted net loss per common share	(0,01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.017)	(0.020)

LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING

As of March 31, 2016, the Corporation had a cash position of $85,850 and a working capital of $67,121 compared to a working capital deficiency of $75,389 as of September 30, 2015, an improvement of $142,510. This improvement is due in part to the completion of a private placement in the amount of $364,000 and to exercise of the warrants for total proceeds of $105,000 allowing the settlement of certain trade and other payables and refloat the bank account.

The Corporation has entered into long-term lease agreements for equipment rental and the lease of its offices which call for lease payments of $539,844. The minimum lease payments for the next years are $66,982 in 2016, $120,322 in 2017, $109,182 in 2018, $108,282 in 2019, $101,859 in 2020 and $33,217 in 2021.

Under a loan agreement, the Corporation had to maintain a ratio of debt coverage (by EBITDA) equal to or greater than 1.25 to 1. This requirement had not been met as of March 31, 2016. This loan of an amount of $19,000 has been presented in current portion of long-term debt.

The Corporation manages its capital structure and brings about adjustments related to changes in the economic environment and underlying risks of its assets. To preserve or modify its capital structure and to carry on the development and commercialization of technology and fulfill its various financial obligations, the Corporation may issue additional common shares or negotiate new loans.

The Corporation has prepared a budget for 2016 using assumptions that management considers reasonable. Achieving budgeted results depends mainly on the increase of sales, compliance with the gross operating margin forecast and control of general and administrative expenses. Management expects to meet its budget and believes that current cash will be sufficient to fund its operations for the next twelve months. On May 5, 2016, the Corporation announced a proposed private placement of a maximum amount of $1,500,000 through an agent. The Corporation expects to finalize this private placement in June 2016.

Readers are invited to refer to the Risk and Uncertainties section for more information.

INFORMATION ON OUTSTANDING SECURITIES

The Corporation's authorized share capital consists in an unlimited number of Common Shares of which 37,292,957 are currently outstanding as well as 3,244,250 stock options and 5,020,000 warrants. Each stock option and warrant is convertible into one common share of the Corporation. The Corporation may also have to issue a total of 3,000,000 common shares in the event that the convertible debenture conversion options are exercised.

RELATED PARTY TRANSACTIONS

Please refer to Note 10 of the unaudited interim condensed financial statements for key management personnel compensation. The Corporation has not entered into any other related party transaction.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The Corporation prepares its consolidated financial statements in accordance with IFRS, which require management to make estimates and assumptions that affect the amounts of its assets and liabilities, the information provided with regard to future assets and liabilities as well as the amounts of revenues and expenses for the relevant periods.

The elements in the financial statements that require more use of estimates and judgment include the measurement of allowance for doubtful accounts, contracts in progress, going concern, income taxes, fair value of share options and impairment of non-financial assets and goodwill. Actual results may differ from these estimates, but management believes they will not result in material changes versus the results being presented. Readers are invited to refer to the audited consolidated financial statements for the year ended September 30, 2015 for a full description of the significant accounting policies and the most estimates and judgments of the Corporation at that date.

RISKS RELATED TO FINANCIAL INSTRUMENTS

Readers are invited to refer to Note 22 of the audited consolidated financial statements for the year ended September 30, 2015, for a full description of these risks.

RISKS AND UNCERTAINTIES

The Corporation is involved in an industry that is subject to various risks and uncertainties. The risks and uncertainties listed below are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently deems immaterial, may also impair the operations of the Corporation. If any such risks actually occur, it could have a material adverse effect on the Corporation and Urbanimmersive Technologies respective activities, results of operation and financial condition. In any such case, the market price of the Common Shares could decline.

FUTURE CAPITAL REQUIREMENTS

As of March 31, 2016, the Corporation had a cumulative deficit of $8,765,998 ($8,321,303 at September 30, 2015). The financial support of new or existing shareholders is required, since the Corporation has not, to date, generated sufficient funds to be self-sufficient financially.

The Corporation has incurred operating losses over the last periods. The ability of the Corporation to meet its obligations and fund its future activities depends on its ability to achieve a level of profitability, the support of its shareholders and its creditors.

The Corporation may require additional cash resources due to changed business conditions, changes in its business plan, failure of its business plan to succeed or other future developments. If these sources are insufficient to satisfy The Corporation's cash requirements, the Corporation may seek to obtain a credit facility or sell additional equity or debt securities. There can be no assurance that financing will be available in amounts or on terms acceptable to the Corporation, if at all. Any failure by the Corporation to raise additional funds on terms favourable to it could have a material adverse effect on its liquidity, financial condition and the success of the business plan.

COMPETITION

The Corporation competes with other digital media companies offering content marketing platforms. The real estate market also includes a multitude of vendors that offers in part certain products and services offered by the Corporation. Also, the Corporation could face the marketing of new products through content marketing platforms operated by competitors.

Increased competition could reduce the Corporation's operating margins and profitability and result in a loss of market share. Some of the Corporation's existing and potential competitors may have competitive advantages, such as significantly greater financial, marketing or other resources, or exclusive arrangements with major clients, and others may successfully mimic and adopt the Corporation's business model. The Corporation cannot assure investors that it will be able to successfully compete against new or existing competitors.

TECHNOLOGICAL TRENDS

The market for its products requires the Corporation to continuously identify new technology trends and the needs of customers, which may require the Corporation to develop new features and enhancements for its content marketing platform. The Corporation may be required to incur development and acquisition costs in order to keep pace with new technology but the Corporation may not have the financial resources necessary to fund and implement future technological innovations or to replace obsolete technology. If the Corporation products fail or suffer performance problems, then it would likely affect the quality and interrupt the continuation of the Corporation's service and significantly harm its business. Furthermore, the Corporation may fail to respond to these changing technology needs and to implement such changes on its products or fail to do so in a timely manner. The new systems and update of the existing ones may not gain popularity with customers, or may not maintain any achieved popularity. In such case, the Corporation's competitors or future entrants into the market who do take advantage of such initiatives could gain a competitive advantage over the Corporation.

SCOPE AND VALIDITY OF INTELLECTUAL PROPERTY

The ability of the Corporation to successfully protect its exclusive methods and technology is important to its success. The Corporation relies in part on trade secrets and contractual restriction, such as confidentiality agreements and licenses.

There is no assurance that there will be adequate protection against competitor's products and trade-marks. The Corporation intends to promote and defend its trade-marks aggressively in order to build goodwill and to develop improvements to its product, which may be subject to legal protection. The Corporation's efforts could be unsuccessful and these improvements might not qualify for legal protection or produce a competitive advantage for the Corporation. Competitors may produce products similar to those of the

Corporation without infringing on its intellectual property rights. Competitors and other third parties could infringe on the Corporation's intellectual property rights which could result in significant litigation expenses. These expenses would reduce the Corporation's cash flow. The Corporation may lose potential or existing clients if it is not successful in protecting its intellectual property rights against such third party infringement.

RISK OF INFRINGEMENT, ACTIONS AND CIVIL SUITS

The Corporation cannot be certain that its products or other aspects of its business do not or will not infringe upon patents, copyrights or other intellectual property rights held by third parties. Although the Corporation is not aware of any such claims, the Corporation is aware of prior art patents and patent applications for products in the same field and a competing trade-mark, which could potentially cover the Corporation's products and trade-marks. The Corporation may become subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of its business. The Corporation may incur substantial expenses in defending against these third party infringement claims, regardless of their merit; consequently management may not dedicate its time and resources on growth strategies.

If the Corporation is found to have violated the intellectual property rights of others, it may then be forced to abandon applications or registrations for intellectual property protection, modify or discontinue production of its products in certain countries, or operate under different trade-marks. The Corporation could be required to obtain a license from the Corporation holding the patent or other intellectual property right, if such Corporation agrees to give the Corporation a license to develop, manufacture, use, sell, offer for sale or market the products. Finally, the Corporation could also be limited in the marketing of new products. Successful infringement or licensing claims against the Corporation may result in substantial monetary liabilities, which may materially and adversely disrupt its business.

The Corporation's products, content and services cover a large range of visual content, including photography and drawing. The Corporation has no assurance that its clients do not provide items and content which may infringe third party intellectual property rights or other laws and regulations. Furthermore, the Corporation may be liable, or alleged to be liable, to third parties if the visual content is found to be indecent, misleading, negligent, fraudulent, defamatory or otherwise illegal. In the event that a client's visual content is in breach of such rights or regulations, the Corporation may be required to cease providing the relevant content to prevent any other infringement. Any alleged liability could also harm the Corporation's business by damaging its reputation, requiring the Corporation to incur legal costs in defence, exposing the Corporation to awards of damages and costs and diverting management's attention which could have an adverse effect on the Corporation's business, results of operations and financial condition.

KEY MANAGEMENT PERSONNEL

The loss of management members could have a material impact on the implementation of the Corporation’s strategic plan. Success of the Corporation’s business plan depends significantly on the work done by the management team. This team consists of a limited number of individuals. The Corporation does not carry life insurance on those individuals. The loss of a member of management could hinder the execution of the Corporation’s strategic plan, which could have a material impact on its operations.

LIMITED OPERATING HISTORY

The Corporation began operations in 2007. Although the present management possesses experience in technological business operations, the Corporation has a very limited operating history upon which the viability and sustainability of its business and its acceptance by customers can be evaluated. It is also difficult to evaluate the viability of the Corporation's business model because of the risks frequently encountered by early stage companies using new technologies and entering new and rapidly evolving markets. The Corporation may be unable to generate sufficient revenue to become profitable and have sustainable positive cash flows. In addition, the Corporation's quarterly operating results are difficult to predict and may fluctuate significantly from period to period due to numerous factors.

MANAGEMENT OF EXPANSION

The Corporation plans to continue to rapidly expand its operations. These plans will continue to result, in substantial demands on the Corporation's management resources. To manage its growth, the Corporation must develop and improve its existing administrative and operational systems and, its financial and management controls and further expand, train and manage its work force. As the Corporation continues its effort to grow, it may incur substantial costs and expend substantial resources in connection with any such expansion due to, among other things, different technology standards, legal considerations and cultural differences. The Corporation may not be able to manage its current or future operations effectively and efficiently or compete effectively in such markets. The Corporation may also not be able to hire, retain, integrate or motivate its current or new personnel. There can be no assurance that the Corporation will be able to efficiently or effectively manage the growth of its operations, recruit top talent and train its personnel. Any failure to efficiently manage its expansion may materially and adversely affect the Corporation's business and future growth.

MAINTAIN EXISTING RELATIONSHIPS OR OBTAIN NEW RELATIONSHIPS WITH BUSINESS PARTNERS

The Corporation's ability to generate revenues outside of its immediate geographic market depends largely upon its ability to maintain and expand a network of business partners and their ability to successfully implement the Corporation's suite of products. This, in turn, requires that the Corporation develops knowledge of the key players in the countries and regions where it wants to conduct business. If the Corporation fails to maintain its relationships with its current customers, fails to develop new relationships with business partners or fails to conclude contractual negotiations currently ongoing, its revenues would decline and its efforts to develop international sales would be affected, and its reputation, would suffer.

RIGHTS UNDER THE REPRESENTATIVE OR LICENSING AGREEMENTS

The Corporation will be entering into representative or licensing agreements with foreign entities which are governed by the laws of foreign jurisdictions. If a partner breaches a representative or licensing agreement, then the Corporation will incur the additional costs of determining its rights and obligations under the agreement under applicable foreign laws and enforcing the agreement in a foreign jurisdiction. Many of the jurisdictions to which representative or licensing agreements are subject do not have sophisticated and/or impartial legal systems and the Corporation may face practical difficulties in enforcing any of its rights in such jurisdictions. The Corporation may not be able to enforce such rights or may determine that it would be too costly to enforce such rights. In addition, many of the representative or licensing agreements may contain arbitration provisions that govern disputes under the agreements and there is uncertainty with respect to the enforceability of such arbitration provisions under the laws of related foreign jurisdictions. If a dispute were to arise under a representative or licensing agreement and the related arbitration provision was not effective, then the Corporation would be exposed to the additional costs of settling the dispute through traditional legal avenues rather than through an arbitration process.

ECONOMIC CONDITIONS

Demand for the Corporation's products and services is sensitive to changes in general economic conditions and demand typically decreases during periods of economic downturn. Customers may reduce the money they spend for a number of reasons, including (i) a general decline in economic conditions; (ii) a decision to shift expenditures to other available products; or (iii) a decline in spending in general. Decrease in demand for interactive visual content solutions in general and for the Corporation's interactive visual content technology solutions in particular would materially and adversely affect the Corporation's ability to generate revenue from its AVU3D® suite of products and services, its financial condition and results of operations.

Management believes it monitors these risks very closely. It is constantly watching each of these elements and takes the necessary action to mitigate its risks.

Readers are referred to the more detailed information described in other disclosure documents filed with the applicable Canadian securities regulatory authorities and available at www.sedar.com.