Cuprum Coating Acquisition Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended June 30, 2014

As at September 1, 2014

INTRODUCTION

General

Cuprum Coating Acquisition Corp. (the "Company") was incorporated on September 19, 2013 and remained dormant other than entering into a Plan of Arrangement (the "Arrangement Agreement") between the Company and Web Watcher Systems Ltd. ("Web Watcher") dated October 23, 2013. Under the Arrangement Agreement, Web Watcher assigned the Canadian Agency and License Agreement ("Agency Agreement") dated November 1, 2013 with Zero Combustion Ltd. ("ZCL"). As consideration for this Agency Agreement, the Company will issue 14,403,698 common shares to the Web Watcher shareholders. Web Watcher received shareholder approval to the arrangement at a special meeting of shareholders held on December 19, 2013. The principal business of the Company was the development of the fire retardant paints and coatings market under the Agency Agreement.

By agreement dated October 21, 2013 DAG Consulting Corp., a company owned and controlled by a Director and Officer of Web Watcher and Cuprum had guaranteed the costs of the Plan of Arrangement and Amalgamation including legal, accounting and consulting services until the time of final approval of amalgamation by Cuprum. The obligation under the guarantee is contingent because it is not required to be repaid on the listing, posting and trading of Cuprum, or successor company. The principal business of the Company was intended to be the development of the fire retardant paints and coatings market under the Agency Agreement. The assignor of the marketing rights to Zero Combustion encountered financial difficulty of its own and on March 1, 2014 the board of Cuprum and Zero agreed to cancel the Zero license agreement and on the same date assigned the guarantee of DAG Consulting Corp. from Webwatcher to Cuprum. On March 27, 2014 an LOI to acquire Cuprum was entered into with Alibaba Graphite Corp. and an amalgamation agreement dated for reference May 16, 2014 was entered into and the business of the company is a mineral exploration company specifically engaged in the exploration of prospective high purity graphite properties in the region north of Hearst, Ontario.

The Company and Alibaba Graphite Corp., ("AG") and the shareholders of AG (the " AG Shareholders"), owners of 100% of the issued and outstanding capital stock of AG, entered into a Letter of Intent dated March 27, 2014 with respect to a proposed Merger or Amalgamation (the "Transaction"). Under the Transaction AG will complete a takeover or reverse takeover of Cuprum Coating Acquisition Corp. Alibaba Graphite Corp. holds an option (the "Option") to purchase a 100% interest in and to the Maverick Graphite Property, Ontario consisting of 5 contiguous unpatented mining claims composed of 23 claim units covering approximately 368 hectares in Avon Township. Alibaba holds one claim, under option while the remaining four claims are 100% owned by Alibaba. The property is the subject of a current 43-101 report prepared by Dean G. MacEachern, P.Geo recommending further development.

On May 29, 2014 Cuprum split its share capital on a 1 old for 2.5 new basis to bring its issued share capital to 36,009,245 issued shares. Accordingly Web Watcher shareholders, through their right to receive 14,403,698 Cuprum shares will receive 36,009,245 shares of the amalgamated company Alibaba Graphite Corp, which will have 69,319,245 issued in total. The Issuer will be engaged in the exploration of high purity graphite property initially in Ontario.

The address of the Company's corporate office and principal place of business is 500 – 900 West Hastings Street, Vancouver, British Columbia, Canada.

Basis of Discussion & Analysis

This management discussion and analysis ("Q2 MD&A") is dated as of September 1, 2014 and should be read in conjunction with the interim financial statements of the Company as at June 30, 2014 ("Interim Financial Statements").

Our discussion in this Interim MD&A is based on the June 30, 2014 Interim Financial Statements. The Interim Financial Statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and as such do not include all of the information required for full annual financial statements. Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

The Interim Financial Statements have been prepared on a historical cost basis except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these financial statements are in accordance with IFRS.

All statements other than statements of historical fact in this MD&A are forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Significant Accounting Policies

Statement of Compliance

The Company's condensed consolidated financial statements are issued under International Financial Reporting Standards ("IFRS") for the period ended June 30, 2014 including the 2013 comparative period. These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and as such do not include all the necessary annual disclosures in accordance with IFRS.

Significant Accounting Judgements and Estimates

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period; actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates that, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Recovery of deferred tax assets
Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

ii) Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Determination of Functional Currency

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Foreign Exchange

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are recognized through profit or loss.

Financial Instruments

<u>Financial Assets</u>

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

The Company has not classified any financial assets as held-to-maturity or available for sale.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities - This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost. The Company's trade payables and other liabilities are classified as other financial liabilities.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Loss per Share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Future Accounting Pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as at June 30, 2014, and have not been applied in preparing the financial statements. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

The IASB amended the disclosure requirements in IFRS 7, "Financial Instruments: Disclosure" to require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32 "Financial Instruments: Presentation".

The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position.

The amended standard is effective for annual periods beginning on or after January 1, 2013.

"Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.

It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The new converged fair value framework is effective for annual periods beginning on or after January 1, 2013.

The IASB also issued the following new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities - these five standards must be adopted concurrently and are effective for annual periods beginning on or after January 1, 2013:

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 11, Joint Arrangements ("IFRS 11"), IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"), IAS 27, Separate Financial Statements ("IAS 27"), IFRS 13, Fair Value Measurement ("IFRS 13") and amended IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 - 13.

Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Share Capital

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

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception and accordingly, a statement of comprehensive income has not been presented.

THE COMPANY AND BUSINESS

The Company and Web Watcher entered into the Arrangement Agreement on October 23, 2013 to conduct a corporate restructuring by way of a statutory plan of arrangement (the "Plan of Arrangement") to transfer Web Watcher's interest in the ZCL Agency Agreement to the Company (the "Transfer"), which was completed on January 7, 2014. As consideration for the Transfer, the Company will issue 14,403,698 common shares to shareholders of Web Watcher ("Distributed Shares'). The Arrangement Agreement was approved by Web Watcher's shareholders on December 19, 2013 and by the Supreme Court of British Columbia on January 7, 2014.

The Company and Alibaba Graphite Corp., ("AG") and the shareholders of AG (the "AG Shareholders"), owners of 100% of the issued and outstanding capital stock of AG, entered into a Letter of Intent dated March 27, 2014 with respect to a proposed Merger or Amalgamation (the "Transaction"). Under the Transaction AG will complete a takeover or reverse takeover with Cuprum Coating Acquisition Corp.

Pursuant to the terms of an amalgamation Cuprum is responsible for all its own costs of the Plan of Arrangement and Amalgamation including legal, accounting and consulting services until the time of final approval of amalgamation by the board of Graphite. This obligation has been guaranteed by DAG Consulting Corporation a company owned by a Director and Officer, to pay these costs up to an amount of $225,000. The obligation under the guarantee is contingent because it is not required to be repaid on the listing, posting and trading of Cuprum, or successor company.

Alibaba Graphite Corp. was incorporated in the Province of Ontario on January 29, 2014, and is a junior mineral exploration company currently focusing on naturally occurring high purity graphite such as occurs in the recent hydrothermal "Albany Style" graphite discovery north of Hearst, Ontario. Currently Alibaba holds claims under option in this area and has claims staked north of Cochrane, Ontario and is in the process of acquiring further claims.

The Maverick Graphite Property of Alibaba Graphite Inc. (referred to herein as "Alibaba") is an early stage exploration project located approximately 60 kilometres north of Smooth Rock Falls, Ontario. The property consists of 5 contiguous unpatented mining claims composed of 23 claim units covering approximately 368 hectares in Avon Township. Alibaba holds one claim, 4267292, under option while the remaining four claims are 100% owned by Alibaba. The option agreement on this property dated January 29, 2014, when exercised, will give Alibaba a 100% interest in this claim, allowing a retained 3% NSR to the initial claimholders as well as a 1.5% Vendors Net Returns Royalty on claim 4267292 and to an area of mutual interest around the perimeter of this claim. This includes the other 4 newly staked claims by Alibaba. There are no work commitment obligations on the property

A wholly owned subsidiary of Cuprum was incorporated May 5, 2014 under the Ontario Business Corporations Act (ONBCA) named 2417435 ONTARIO LIMITED ("435 Ontario Ltd."). The Company intends to complete the business combination with Alibaba by way of a three-cornered amalgamation (the "Amalgamation"), wherein 435 Ontario Ltd is amalgamated with Private Company Alibaba pursuant to the ONBCA and continued as one company carrying on the business of Private Company Alibaba under the name "Alibaba Graphite Corp."

Results of Operations and Summary of Quarterly Results

	For the Three Months Ended June 30, 2014	For the Period from Incorporation on September 19, 2013 to March 31, 2014
Expenses	Nil	NIL
Net Loss and Total Comprehensive Loss for the Period	Nil	Nil

Additional Disclosure for Venture Issuers without Significant Revenue

Professional Fees include bookkeeping and administration costs to contractors to maintain the company accounting and reporting system and the costs of the amalgamation are paid by a Director of the company under the DAG Consulting Guarantee and have not been invoiced to the Company pending the contingent event to determine if funds paid are repayable.

LIQUIDITY AND CAPITAL RESOURCES

Financial Position

	For the Three Months Ended June 30, 2014	For the Period from Incorporation on September 19, 2013 to March 31, 2014
Assets		
Current Assets		
Cash	100	100
Guaranty Corporate Costs	225,000	-

Total Assets	**225,100**	**100**
Liabilities and Shareholders' Equity		
Current Liabilities		
Accrued Liabilities and Accounts Payable	-	-
	-	**-**
Contingent Obligation	225,000	-
Shareholders' Equity		
Capital Stock	100	100
	100	**100**
Total Liabilities and Shareholders' Equity	**225,100**	**100**

LIQUIDITY AND CAPITAL RESOURCES (continued)

Changes in Cash Position

	For the Three Months Ended June 30, 2014	For the Period from Incorporation on September 19, 2013 to March 31, 2014
	$	**$**
Cash provided by (used in):		
Operating Activities		
Net loss for the period	-	-
Change in non-cash working capital components		
Tax recoverable	-	-
Accrued liabilities	-	-
Due to related party	-	-
Net cash provided by (used in) Operating Activities	**-**	**-**
Financing Activities		
Share issuance	-	100
Net cash provided by Financing Activities	**-**	**100**
Investing Activities	**-**	**-**
Net cash used in Investing Activities	**-**	**-**
Change in cash	**-**	**100**
Cash, beginning of the period	**100**	**-**
Cash, end of the period	**100**	**100**

The Company’s Director and CEO provided necessary working capital for direct payment of obligations as they became due and accordingly there was no cash position in the Company.

The Company has not commenced operations and there were no operations for the period ended June 30, 2014.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of accrued liabilities; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability of prompt liquidation.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors, which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2014, the Company had a cash balance of $NIL and current liabilities of $Nil. All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

Share Capital

The total number of common shares issued and outstanding as at June 30, 2014 was 14,403,698 and remains at that as at the date of this report.

Future Cash Requirements

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. Should the Company pursue other business opportunities, the Company may need to raise additional funds through debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. Accordingly, the Company is investigating various business opportunities that ideally will increase the Company's positive cash flow.

Related Party Transactions

The company and Web Watcher, its former parent company, entered into the Arrangement Agreement described in Note 4 of the interim financial statements. The Arrangement Agreement provides for the transfer of the ZCL Agency Agreement from Web Watcher to the Company and the immediate distribution of a controlling interest in the common shares of the Company to the current shareholders of Web Watcher. The shareholders of Web Watcher at the completion of the Arrangement Agreement continued to collectively own the Investment, albeit through an altered corporate structure. Consequently, given that there was no substantive change in the beneficial ownership of the purchase agreement at the time that it was transferred to the Company, the transfer was recorded under IFRS using the historical carrying values of the purchase agreement in the accounts of Web Watcher at the time of the transfer, which was nil.

A Director of the company through a wholly owned corporation has guaranteed the costs of the company arising from expenses related to the Plan of Arrangement, administration and reporting, and costs of amalgamation and listing as Alibaba Innovations Ltd. The amount of the guarantee is $225,000 and repayment is waived on the listing posting and trading of the issuer.

Proposed Transactions

No share purchase warrants and stock options were ever granted, outstanding, or exercised as at the Effective Date of the Arrangement of January 7, 2014 in Web Watcher and accordingly no adjustment was made for any such commitments.

Risks and Uncertainties

These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company.

The financing and exploration and development of the Issuer's properties are subject to a number of factors, including laws and regulations in the areas of taxation, environmental, permitting and others, including hiring qualified people, and obtaining necessary services in jurisdictions where the Issuer operates. The current trends relating to these factors are favourable but could change at any time and negatively affect the Issuer's operations and business.

The Issuer will be applying for all necessary licences and permits under applicable laws and regulations to carry on the exploration and production activities currently planned, and management believes that they will comply in all material respects with the terms of such licences and permits. However, such licenses and permits are subject to changes in regulations and in various operation circumstances.

Mineral exploration involves numerous risks including unexpected or unusual geological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to insure against such risks.

Strategic and operation risks may arise if the Issuer fails to raise sufficient equity and/or debt financing in financing its mineral exploration and business development. Strategic opportunities and risks may arise from a range of factors, which might include changing economic and political circumstances and regulatory approvals and competitor actions.

The Issuer's future capital requirements will depend on many factors including raising funds from investors and cash flow from operations. Should the Issuer pursue other business opportunities, the Issuer may need to raise additional funds through debt or equity financing.

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include lost records, loss or damage or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in marketing and financial corporations. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

ADDITIONAL INFORMATION

Additional information pertaining to the Company is available on the SEDAR website at www.sedar.com.