

Alibaba Innovations Corp.

Financial Statements

(in CAD \$)

**For the Years Ended December 31, 2014 and
2013**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Alibaba Innovations Corp.

We have audited the accompanying financial statements of Alibaba Innovations Corp., which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of operations and comprehensive loss, cash flows and shareholders' equity for each of the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alibaba Innovations Corp. as at December 31, 2014 and 2013 and its financial performance and its cash flows for each of the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describe certain conditions that give rise to substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Toronto, Ontario
April 30, 2015

Stern & Lovrics LLP

Chartered Accountants
Licensed Public Accountants

Alibaba Innovations Corp.

Statements of Financial Position (In CAD \$)

As at December 31,

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 100	\$ 100
	\$ 100	\$ 100
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ -
Shareholders' equity:		
Share capital (note 7)	100	100
Deficit	-	-
	100	100
	\$ 100	\$ 100

Nature and continuance of operations and going concern

Commitments and Contingencies (note 15)

Approved by the Board

"Paul D'Aloisio"

Director (signed)

"Robert Komarechka"

Director (signed)

See accompanying notes

Alibaba Innovations Corp.

Statement of Operations and Comprehensive Loss (In CAD \$)

Years Ended December 31,

	2014	2013
Expenses:		
Interest and bank charges	\$ -	\$ -
Loss from operations	-	-
Net and comprehensive (loss) for the period	\$ -	\$ -
weighted average number of shares		
- basic and diluted	100	100
Loss per share - basic and diluted	\$ -	\$ -

See accompanying notes

Alibaba Innovations Corp.

Statement of Changes in Shareholders' Equity (in CAD \$)
Year Ended December 31, 2014 and 2013

	Share Capital						Total
	Common	Amount	Warrants	Contributed	Deficit		Equity
	Shares			Surplus			
Balance, On incorporation September 19, 2013	100	\$ 100	\$ -	\$ -	\$ -		100
Comprehensive loss	-	-	-	-	-		-
Balance, December 31, 2013	100	\$ 100	\$ -	\$ -	\$ -		100
Comprehensive loss	-	-	-	-	-		-
Balance, December 31, 2014	100	\$ 100	\$ -	\$ -	\$ -		100

See accompanying notes

Alibaba Innovations Corp.
Notes to Financial Statements
(in CAD \$)
December 31, 2014 and 2013

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Alibaba Innovations Corp. ("AIC" or the "Company") 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.

As further detailed in subsequent events (note 7), on January 30, 2015, the Company completed an agreement with Alibaba Graphite Corp. ("AGC") wherein the two companies were amalgamated and became listed on the Canadian Stock Exchange ("CSE") under the symbol "ABJ". AGC is a mineral exploration company specifically engaged in the exploration of prospective high purity graphite properties in the region north of Hearst, Ontario.

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 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.

AIC was not carrying on any business as at December 31, 2014. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance and Basis of Preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Statement of Compliance and Basis of Preparation (continued)

The policies applied in these financial statements are based on IFRS issued and outstanding as of April 30, 2015, the date the Board of Directors approved the statements. These financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

These financial statements were approved and authorized for issuance by the Board of Directors on April 30, 2015.

b) 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 reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

There are no judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years.

Critical accounting estimates

Significant assumptions about the future that management has made 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:

- the recoverability of exploration and evaluation expenditures incurred on the Company's property interests.
- The Company expenses the exploration and evaluation expenditures in the statement of comprehensive loss;
- the inputs used in accounting for share-based payment transactions included in profit or loss;
- all inputs used in the Black-Scholes option pricing model for determining the fair value of options in the statement of financial position;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Use of Estimates and Judgements (continued)

- management's assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period; and
- management's position that there is no income tax considerations required within these financial statements.
- Critical accounting judgments
- The categorization of financial assets and liabilities is an accounting policy that requires management to make judgments or assessments.

c) Financial Instruments

The Company does not have any derivative financial instruments.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial Instruments (continued)

(ii) Non-derivative financial liabilities

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

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

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

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

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

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial Instruments (continued)

(iii) Share Capital

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

d) 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.

e) Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and is considered to be anti-dilutive. As at December 31, 2014, the Company had no potential dilutive shares outstanding.

f) Comprehensive Loss

Comprehensive 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 profit or loss. The Company does not have any items affecting comprehensive income or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at December 31, 2014.

h) Restoration, rehabilitation and environmental obligations

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

As at December 31, 2014 has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

i) New Standards

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) New Standards (continued)

IFRS 9- Financial Instruments (“IFRS9”)

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

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

IFRS 11 - Joint Arrangements (“IFRS 11”)

IFRS 11 was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted

IAS 1 - Presentation of Financial Statements (“IAS 1”)

IAS 1 was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted

j) Share-based payment transactions

The fair value of share options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Alibaba Innovations Corp.
Notes to Financial Statements
(in CAD \$)
December 31, 2014 and 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Deferred taxes

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 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.

3. CAPITAL STOCK

Authorized
unlimited common shares without par value

Issued

	Number	Value
Balance at December 31, 2013 and 2014	100	\$100

4. FINANCIAL INSTRUMENTS AND RISKS

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

a) Credit Risk

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

b) Interest rate risk

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

c) Foreign Exchange Risk

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

d) Liquidity Risk

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

5. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

6. COMMITMENTS AND CONTINGENCIES

As part of the amalgamation agreement detailed under subsequent events (note 7), a third party had pledged the amount of \$225,000 as a guarantee to cover any expenses of the Company up to the date of the amalgamation in exchange for the Company issuing them 14,403,698 just prior to amalgamating which were immediately split on the basis of two and one-half for every one common share resulting in 36,009,245 shares being issued.

Alibaba Innovations Corp.
Notes to Financial Statements
(in CAD \$)
December 31, 2014 and 2013

7. SUBSEQUENT EVENTS

On January 30, 2015, the Company completed a three-cornered amalgamation with Alibaba Graphite Corp. and was listed on the Canadian Securities Exchange 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 and issued 33,810,002 to the existing shareholders of Alibaba Graphite Corp. for a total of 69,819,247 post amalgamation.