4D Virtual Space Ltd.

(Formerly Alibaba Innovations Corp.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED

JUNE 30, 2015 AND JUNE 30, 2014

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED-PREPARED FOR MANAGEMENT PURPOSES ONLY)

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIODS ENDED
JUNE 30, 2015 AND JUNE 30, 2014
(EXPRESSED IN CANADIAN DOLLARS)

(Unaudited-prepared for management purposes only)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying interim condensed consolidated financial statements of 4D Virtual Space Ltd. (Formerly Alibaba Innovations Corp.) have been prepared by, and are the responsibility of the Company's management.

The interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect management's best estimates and judgments based on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the interim condensed consolidated financial statements fairly reflect the financial position and results of operations of the Company within reasonable limits of materiality.

Management has developed and maintains a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized, and financial information is reliable. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and therefore, can provide only reasonable assurance as to financial statement reliability and the safeguarding of assets.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee meets with the Company's management and external auditors to discuss the results of the audit and to review the interim condensed consolidated financial statements prior to the Audit Committee's submission to the Board of Directors for approval. The Audit Committee also reviews the quarterly financial statements and recommends them for approval to the Board of Directors, reviews with management the Company's systems of internal control, and approves the scope of the external auditors' audit and non-audit work. The Audit Committee is composed entirely of directors not involved in the daily operations of the Company who are thus considered to be free from any relationship that could interfere with their exercise of independent judgment as a Committee member.

Signed by

"Robert Komarechka"

ROBERT KOMARECHKA

CEO
August 28th, 2015

NOTICE TO READER

REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

(Unaudited-prepared for management purposes only)

	Note	June 30 2015 $	December 31 2014 $
ASSETS			
Current assets:			
Cash		56,240	191,745
Accounts receivable		16,308	22,626
Prepaid expenses		10,080	-
Note receivable	3	28,978	28,978
Total current assets		111,606	243,349
Total assets		111,606	243,349
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		31,330	18,270
Equity:			
Share Capital	6	466,400	460,400
Contributed surplus		20,900	20,900
Deficit		(407,024)	(256,221)
Total equity		80,276	225,079
Total liabilities and equity		111,606	243,349
Nature of operations and continuance of business	1		

Signed : " Robert Komarechka"
Director

Signed : "Binh Vu"
Director

The accompanying notes are integral to these interim condensed consolidated financial statements

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

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited-prepared for management purposes only)

		Three months ended		Six months ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Note				
		$	$	$	$
EXPENSES					
Acquisition costs	4	50,000	-	50,000	-
Exploration and evaluation expenditures	5	9,500	-	9,500	125,300
Consulting fees		-	-	840	54,000
Stock option compensation		-	-	-	20,900
Insurance		1,008	12,096	2,016	12,096
Travel and investor relations		231	-	2,579	10,884
Transfer agent and filing fees		11,432	2,500	24,444	2,500
Professional fees		45,489	7,500	60,213	15,000
Office and general		765	313	1,211	435
Total Expenses		118,425	22,409	150,803	241,115
Net loss and comprehensive loss for the period		(118,425)	(22,409)	(150,803)	(241,115)
Weighted average number of outstanding common shares		69,835,822	27,857,172	69,835,822	27,857,172
Net Loss per common share - basic and diluted		(0.002)	(0.001)	(0.002)	(0.009)

The accompanying notes are integral to these interim condensed consolidated financial statements

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

Interim Condensed Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

(Unaudited-prepared for management purposes only)

	Share Capital				
	Number of shares	Amount	Contributed surplus	Deficit	Total
	#	$	$	$	$
Balance, January 1, 2014	102	100	-	-	100
Shares issued:					
Cash - common	13,500,000	270,000	-	-	270,000
Valuation of options granted	-	-	20,900	-	20,900
Exploration and evaluation assets	17,060,000	85,300	-	-	85,300
Services	2,750,000	55,000	-	-	55,000
Net loss for the period	-	-	-	(241,114)	(241,114)
Balance, June 30, 2014	33,310,102	410,400	20,900	(241,114)	190,186
Cash - common	500,000	50,000	-	-	50,000
Net loss for the period	-	-	-	(15,107)	(15,107)
Balance, December 31, 2014	33,810,102	460,400	20,900	(256,221)	225,079
Shares issued on amalgamation (note 1)	36,009,145	-	-	-	-
Exploration and evaluation assets (note 5)	100,000	6,000	-	-	6,000
Net loss for the period	-	-	-	(150,803)	(150,803)
Balance, June 30, 2015	69,919,247	466,400	20,900	(407,024)	80,276

The accompanying notes are integral to these interim condensed consolidated financial statements

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

Interim Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)

(Unaudited-prepared for management purposes only)

	Six months ended	
	June 30, 2015	**June 30, 2014**
	$	**$**
CASH (USED IN) PROVIDED BY		
Operating activities		
Net loss for the period	(150,803)	(241,115)
Adjustment for :		
Common shares issued for services	-	55,000
Stock-based compensation	-	20,900
Exploration and evaluation expenditures	6,000	85,300
	(144,803)	(79,915)
Net change in non-cash working capital		
Changes in operating assets and operating liabilities:		
(Increase)in prepaid expenses	(10,080)	-
(Increase) decrease in accounts receivable	6,318	(7,590)
Increase(decrease) in accounts payable and accrued liabilities	13,060	16,085
Net cash used in operating activities	(135,505)	(71,420)
Cash flows from investing activities		
Shares issued	-	270,100
Net cash provided by investing activities	-	270,100
Increase(decrease) in cash	(135,505)	198,680
Cash, beginning of period	191,745	-
Cash, end of period	56,240	198,680
NON-CASH INVESTING AND FINANCING ACTIVITIES :		
Shares issued for exploration and evaluation expenditures (see Note 5(ii))	6,000	91,300
Common shares issued for services	-	55,000

The accompanying notes are integral to these interim condensed consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

4D Virtual Space Ltd. ("4D" or the "Company') , precursor company Cuprum Coating Acquisition Corp., was incorporated under the laws of British Columbia on September 19, 2013 and had been inactive since that time. On December 11, 2014, the Company changed its name from Cuprum Coating Acquisition Corp. to Alibaba Innovations Corp. The Company's head office is located at 545 Granite Street, Sudbury, Ontario, P3C 2P4.

On January 30, 2015, the Company completed a three-cornered amalgamation with Alibaba Graphite Corp. ("AGC") wherein the two companies were amalgamated and became listed on the Canadian Stock Exchange ("CSE") under the symbol "ABJ". Pursuant to the amalgamation, ABJ completed a forward stock split of its existing share capital consisting of 14,403,698 common shares on the basis of two and one-half for every one outstanding resulting in 36,009,145 shares and issued 33,810,102 to the existing shareholders of Alibaba Graphite Corp. for a total of 69,819,247 post amalgamation.

On June 26, 2015 the Company changed its name from Alibaba Innovations Corp. to 4D Virtual Space Ltd.("4D") pursuant to the Company entering into an agreement on May 26, 2015 to acquire 100% of the authorized share capital of a private company ("Privco"), whereby Privco will become a wholly-owned subsidiary of the Company. This transaction is subject to regulatory approval to complete the acquisition. Privco is in the business of creating and developing a virtual space platform for use in the real estate development industry. (See Note 9 – Subsequent events).

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

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

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. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the period for the six months ended June 30, 2015.

b) Basis of presentation

The interim condensed consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

The policies applied in these condensed consolidated financial statements are based on IFRS issued and outstanding as of August 28th, 2015, the date the Board of Directors approved the statements. These interim condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, 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 judgments 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 condensed consolidated statement of financial position;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Use of estimates and judgments (continued)

Critical accounting estimates (continued)

• management's assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period;

• management's position that there is no income tax considerations required within these financial statements;

• Critical accounting judgments; and

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

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 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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial Instruments (continued)

(ii) Non-derivative financial liabilities (continued)

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 that 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 June 30, 2015, 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.

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 June 30, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 pre-tax 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 June 30, 2015, the Company 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) New Standards(continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Deferred taxes (continued)

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. NOTE RECEIVABLE

On December 12, 2014, the Company advanced US$25,000 to a third party under a promissory note that matures on December 31, 2015. The terms of the note requires interest of 5% payable on maturity along with the outstanding principal.

4. INVESTMENT IN WHOLLY OWNED SUBSIDIARY

On May 29, 2015 the Company entered into a definitive agreement with an arm's length third party to acquire all of the issued and outstanding shares of a private company ("Privco") in exchange for 60,000,000 shares of the Company and $400,000 in cash (the "Purchase Cash"). 40,000,000 shares will be issued on closing of the acquisition and 20,000,000 only issued on Privco achieving the first of the following milestones:

a) Privco having secured contracts for Privco's services having a value equal to the aggregate of a minimum of $2,000,000; and

b) the Company raising capital of $5,000,000 or more cumulatively from the date of the agreement.

$50,000 of the Purchase Cash was paid by the Company to Privco upon the signing of the agreement in the form of a non-refundable deposit. The agreement was amended to provide that a further $50,000 portion of the Purchase Cash price will be payable by the Company on the earlier of:

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

On June 26, 2015 the Company agreed to amend the original closing date of May 29, 2015 to July 31, 2015 (See Subsequent Event - Note 9).

Privco is in the business of creating and developing a virtual space platform for use in the real estate development industry. The completion of this agreement is subject to regulatory approval.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	$	$	$	$
The Maverick and Hearst Property				
Geological fees	-	-	-	10,000
Data collection		-		30,000
Mineral property rights	6,000	-	6,000	85,300
	6,000	-	6,000	125,300
Fraserdale Property				
Staking fees	3,000	-	3,000	-
	9,000	-	9,000	125,300

On January 29, 2014 the Company paid $85,300 for a 100% undivided legal and beneficial interest in and all right and title to the Option on the Maverick and Hearst Property (also later referred to as the Feagan Lake or WestZen Property), which was satisfied by the issuance of an aggregate of 17,060,000 common shares in the common shares of the Company at an attributed value of $0.005 per common share on the Closing Date. In addition, the Company granted a net returns royalty effective as of the exercise of the Option. The Company granted a one and one-half percent (1.5%) Net Returns Royalty from any production on the Property payable in favour of the original two vendors on a 50/50 basis, in addition to a one and one-half percent (1.5%) Net Returns Royalty from any production on the Property payable in favour of the original claimholder of the Hearst Property. The Maverick Graphite Property has a three percent (3%) Net Returns Royalty from any production on the Property payable in favour of only the original claimholders.

The Maverick Graphite Property is an early stage exploration project located approximately 60 kilometres north of Smooth Rock Falls, Ontario. The property is located in the Porcupine Mining Division, District of Cochrane at 81°31'18.78"W and 49°49'4.71"N (NTS 41-I/14) or in NAD 83 co-ordinates, 462457.30 m E and 5518523.29 m N, Zone 17U.

The property consists of 5 contiguous unpatented mining claims composed of 23 claim units covering approximately 368 hectares in Avon Township. There are no work commitment obligations on the property. As of the date of this report all terms of the Option Agreement have been met and this Agreement is in good standing.

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

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares

(b) Issued: common shares

	Note	#	$
Opening balance, January 1, 2015		33,810,102	460,400
Issued on amalgamation	(i)	36,009,145	-
Option maintenance shares issued	(ii)	100,000	6,000
		69,919,247	466,400

(i) Amalgamation shares

On January 30, 2015, the Company completed a three-cornered amalgamation with Alibaba Graphite Corp. ("AGC") wherein the two companies were amalgamated and became listed on the Canadian Stock Exchange ("CSE") under the symbol "ABJ". Pursuant to the amalgamation, ABJ completed a forward stock split of its existing share capital consisting of 14,403,698 common shares on the basis of two and one-half for every one outstanding resulting in 36,009,145 shares and issued 33,810,102 to the existing shareholders of Alibaba Graphite Corp. for a total of 69,819,247 post amalgamation.

(ii) Option maintenance

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

(c) Stock Options

The Company has a stock option plan ("the Plan") under which options to purchase common shares may be granted to officers, directors, employees and non-employees of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years. The exercise price of any option granted under the Plan may not be less than fair market value (e.g., the prevailing market price) of the common shares at the time the option is granted, less any permitted discount.

All options are non-transferable. The options are subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be a director, officer, or consultant of the Company, or upon the retirement, permanent disability or death of an optionee.

All issued options are vested at the date they are granted.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

(c) Stock Options (continued)

No options were issued during the period.

The fair value of the options has been estimated using the Black-Scholes pricing option model. The assumptions used for the valuation of the respective options were:

Option Assumptions	2014
Dividend yield	-
Expected Volatility	138%
Risk free interest rate	1.62%
Expected option term - years	5

The following table summarizes information about stock options outstanding and exercisable at June 30, 2015:

	June 30				
	2015		2014		
	Number of options outstanding	Weighted average exercise price	Number of options outstanding	Weighted average exercise price	Black Scholes Value
	#	$	#	$	$
Outstanding, beginning of period	6,100,000	0.05	-	-	20,900
Cancelled during the period	(200,000)	0.05	6,100,000	0.05	-
Outstanding, end of period	5,900,000	0.05	6,100,000	0.05	20,900

The number of common shares issuable under options and the average option prices per share are as follows:

Weighted Average Remaining Contractual Life	Fair Value of Options	Number of options and exercisable options	Exercise Price	Expiry date
Years	$	#	$	
3.625	20,900	5,900,000	0.05	Februay 19, 2019

7. 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 dollars. 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.

8. 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.

9. SUBSEQUENT EVENTS

On July 31, 2015 the Company agreed to further amend the closing date for the acquisition of Privco from July 31, 2015 to October 31, 2015.