A copy of this preliminary prospectus has been filed with the securities regulatory authority in British Columbia but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PRELIMINARY PROSPECTUS

NON-OFFERING **January 22, 2016**

ANTERIOR EDUCATION HOLDINGS LTD.
(the "**Company**")

900 – 549 Howe Street
Vancouver, BC V6C 2C2

This non-offering Prospectus is being filed with the British Columbia Securities Commission solely for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure, published by the Exchange. The Company is currently a reporting issuer in the Provinces of British Columbia and Alberta.

As no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect: the pricing of the securities in the secondary market; the transparency and availability of trading prices; the liquidity of the securities; and the extent of issuer regulation. See "Risk Factors". Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange, including without limitation, the distribution of the Shares to a minimum number of public shareholders and the Company meeting certain financial and other requirements.

No underwriter has been involved in the preparation of the Prospectus or performed any review or independent due diligence of the contents of the Prospectus.

TABLE OF CONTENTS

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Prospectus. Terms and abbreviations used in the Financial Statements and also appearing in the documents attached as schedules to the Prospectus may be defined separately and the terms and abbreviations defined below may not be used therein, except where otherwise indicated. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

Arrangement Agreement	means the arrangement agreement including the Arrangement dated April 14, 2015 among Planco, BHR and the Company.
Arrangement	means the statutory plan of arrangement attached to the Arrangement Agreement.
Audit Committee	means a committee established by and among the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the Company's Financial Statements.
Auditors	means Morgan and Company LLP.
BCBCA	means the *Business Corporations Act,* S.B.C. 2002, c. 57 including the regulations thereunder, as amended.
BHR	means BHR Capital Corp., a British Columbia company incorporated under the *BCBCA* on December 3, 2014 under incorporation number BC1020797, and a wholly owned subsidiary of the Company.
Board of Directors	means the board of directors of the Company.
CCAA	means the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36
CEO	means Chief Executive Officer.
CELTA	means Certificate in English Language Teaching to Speakers of Other Languages and is an initial teacher training qualification for teaching English as a second or foreign language (ESL and EFL).
CEFR	means the internationally recognized Common European Frame of Reference, as designed by the Council of Europe[1] to provide a transparent, coherent and comprehensive basis for the elaboration of language syllabuses and curriculum guidelines, the design of teaching and learning materials, and the assessment of foreign language proficiency.

[1] Common European framework of reference for languages: learning, teaching assessment. http://www.coe.int/t/dg4/linguistic/cadre1_en.asp

CET Vancouver	means CET Educational Travel Canada Limited.
CFO	means Chief Financial Officer.
Cloud Nine College	means Cloud Nine College Ltd., formerly Anterior Education Systems Ltd., a British Columbia company incorporated under incorporation number BC0974119 pursuant to the *BCBCA* on June 28, 2013 and a wholly owned subsidiary of the Company.
Cloud 9 ESL Program	means the Cloud 9 ESL Studies Program, which is the proprietary ESL digital curriculum of the Company.
Company or the Company	means Anterior Education Holdings Ltd., a British Columbia company incorporated under the *BCBCA* on April 14, 2015 under incorporation number BC1033423.
Court	means the Supreme Court of British Columbia.
Distribution Shares	means 396,600 of the Shares of the Company issued to Planco in exchange for 1,000 common shares of Planco on the closing of the Arrangement.
EC	means English Canada World Organization Inc., a company incorporated in Nova Scotia and a wholly owned subsidiary of the Company.
ESL	means English as a second language.
Exchange	means the Canadian Securities Exchange.
Final Order	means the final order of the Court granted on April 30, 2015 approving the Arrangement.
Financial Statements	means the financial statements attached to this Prospectus as schedules (see "*Financial Statement Disclosure*") and comprised of: • audited consolidated financial statements of the Company for the financial year ended September 30, 2015, attached to this Prospectus as Schedule A; • reviewed unaudited financial statements of ILI for the financial year ended September 30, 2014 and reviewed balance sheet for the financial year ended September 30, 2013, attached to this Prospectus as Schedule C; • reviewed unaudited financial statements of EC for the financial year ended September 30, 2014 and reviewed balance sheet for the financial year ended September 30, 2013, attached to this Prospectus as Schedule D; and

- audited financial statements of BHR from December 3, 2014 (date of incorporation) to March 31, 2015, attached to this Prospectus as Schedule E.

Financing	means the financing to fund the Company's development described in Section 4 "Narrative Description of Business".
Form 52-110F2	means Form 52-110FD *Disclosure by Venture Issuers of NI 52-110*.
Form 58-101F2	means Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers) of NI 58-101*.
Google Classroom	means a blended learning platform for schools and educators that aims to simplify creating, distributing and grading assignments in a paperless way.
Google Drive	means a file storage and synchronization service created by Google, which allows users to store files in the cloud, share files, and edit documents, spreadsheets, and presentations together with other users.
IELTS	means International English Language Testing System
IFRS	means International Financial Reporting Standards.
ILI	means the International Language Institute Ltd., previously a wholly-owned subsidiary of the Company.
ILI/EC Acquisition Agreement	means the share purchase agreement dated September 27, 2014 among Cloud Nine College (formerly, Anterior Education Systems Ltd.), as purchaser, and the former shareholders of ILI and EC, as vendor, ILI and EC, setting out the terms for the acquisition by Cloud Nine College of 100% of the issued and outstanding shares of ILI and 100% of the issued and outstanding shares of EC.
ILI Sale Agreement	means the share purchase agreement dated October 23, 2015 among the Company and EC, as vendor, and an unrelated third party, as purchaser, setting out the terms for the purchase by the unrelated third party of 100% of the issued and outstanding shares of ILI and certain indebtedness owed to the Company and EC by ILI.
Letter Agreement	means the letter agreement dated February 6, 2015 among BHR, the Company, and the shareholders of the Company, as amended by a first amendment dated Marchh 11, 2015 and a second amendment dated April 16, 2015.
Lexis	means the vocabulary of a language, as distinct from its grammar; the total stock of words and combinations of them peculiar to or characteristic of a particular language or dialect

Listing	means the listing of the Shares on the Exchange.
Listing Date	means the date on which the Shares are listed for trading on the Exchange.
MD&A	means the Company's Management's Discussion and Analysis for the financial year ended September 30, 2015, attached to this Prospectus as Schedule B.
Named Executive Officers or NEO	means (a) the CEO, including individuals performing functions similar to a CEO; (b) the CFO, including individuals performing functions similar to a CFO; and (c) the most highly compensated executive officer other than the individuals identified in (a) and (b), at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year.
NI 41-101	means National Instrument 41-101 *General Prospectus Requirements*.
NI 52-110	means National Instrument 52-110 *Audit Committees*.
NI 58-101	means National Instrument 58-101 *Disclosure of Corporate Governance Practices*.
NP 51-201	means National Policy 51-201 *Disclosure Standards.*
NP 58-201	means National Policy 58-201 *Corporate Governance Guidelines*.
Prospectus	means this prospectus dated as of the date on the cover page.
Planco	means Cervantes Capital Corp., a British Columbia company incorporated under the *BCBCA* on October 26, 2014 under incorporation number BC1017343 and a reporting issuer in British Columbia and Alberta.
Planco Controlling Shareholder	means Carlos Cervantes, a director, officer and shareholder of Planco, holding more than 50% of the shares of Planco.
Record Date	means April 16, 2015, the date set by Planco that established the Planco securityholders who were entitled to receive the Distribution Shares pursuant to the Arrangement.
Related Person	means an "**Insider**", which has the meaning set forth in the *Securities Act,* R.S.B.C. 1996, c. 418 being: a) a director or an officer of an issuer; b) a director or an officer of a person that is itself an insider or a subsidiary of an issuer;

c) a person that has beneficial ownership of, or control or direction over, directly or indirectly, or a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of an issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution;

d) an issuer that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security;

e) a person designated as an insider in an order made under section 3.2, or

f) a person that is in a prescribed class of persons;

SEDAR	means the System for Electronic Document Analysis and Retrieval.
Share Exchange Agreement	means the share exchange agreement dated February 6, 2015, as amended on March 11, 2015 and April 16, 2015, among BHR, Cloud Nine College and the shareholders of Cloud Nine College, pursuant to which on closing BHR acquired 100% of the shares of Cloud Nine College held by such shareholders at the April 16, 2015 record date in exchange for an aggregate of 12,844,110 Shares of BHR at a deemed price of $0.10 per Share.
Shares	means the common shares without par value of the Company.
Stock Restriction Agreements	means stock restriction agreements dated April 30, 2015, May 25, 2015 and June 5, 2015 between the Company and certain shareholders of the Company.
TLSL	means Target Language Services Ltd., an ESL school operator in Brazil in which the Company is testing the Cloud 9 ESL Program.
Trustco	means Computershare Investor Services Inc.
YCL	Means You Can Learn, an international education agent working with the Company to promote and market the Cloud Nine ESL Program in Mexico.

CURRENCY

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to $ are to Canadian dollars.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this Prospectus, including information incorporated by reference, are forward-looking statements or information (collectively "**forward-looking statements**"). The Company is providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in these forward-looking statements. Any statements that express or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases including, but not limited to, and including grammatical tense variations of such words as: “may”, “anticipates”, “is expected to”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the Company.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of the date they are made and are based on information currently available and on our then current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- expectations regarding revenue, expenses and operations;
- anticipated cash needs and the need for additional financing;
- ability to protect, maintain and enforce intellectual property rights;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest;
- the speculative and competitive nature of the education sector;
- the inability to list on a public market;
- the effectiveness and efficiency of advertising and promotional expenditures to generate market interest in the Company’s services;
- volatility of the Company’s share price following a listing on a public exchange;
- dependency on continued growth in the education sector;
- ability to attract and retain personnel;
- expectations with respect to advancement in technologies;
- competitive position and expectations regarding competition;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and other management;
- government regulation with respect to immigration as it pertains to international students as well as private school ownership;
- regulatory developments and the regulatory environments in which the Company operates; and
- unanticipated trends and challenges in the Company’s business and the markets in which it operates;
- other risks described in this Prospectus and described from time to time in the Company’s documents filed with Canadian securities regulatory authorities; and
- other factors beyond the Company’s control.

Further, any forward-looking statement speaks only as of the date on which such statement is made and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Please also refer to “*Risk Factors*” in this Prospectus.

Market and Industry Data

This Prospectus includes market and industry data that has been obtained from third party sources including industry publications. The Company believes that this industry data is accurate and that its estimates and assumptions are reasonable; however there are no assurances as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable; however there are no assurances as to the accuracy or completeness of included information. Although the data are believed to be reliable, we have not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of the Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus:

The Company

The Company has developed an interactive and dynamic proprietary digitally based English as a Second Language curriculum that instructors can use in their classrooms to teach their students. The curriculum replaces textbooks with tablets and photocopying and paper documents with instructional videos and Internet links. The curriculum is called the Cloud 9 ESL Program (the "**Cloud 9 ESL Program**"). The Company also operates an ESL school in Vancouver.

The Cloud 9 ESL Program works as follows: the program is hosted in the cloud and maintained in the Google Drive platform for educators. Students log in to access the curriculum and are provided with an individual user account which delivers assignments provided by the instructor and stores ongoing and completed in the student's document folder. All work is correlated by date and topic and is accessible to both the student and the teacher. Students and teachers can communicate through the platform and instructors can connect more than one student to facilitate group assignments and collaboration. Teachers are supported through a comprehensive catalogue of lesson plans, resource materials, answer keys and exams.

The Company generates revenues both through tuition fees and through the Cloud 9 ESL Program by receiving payment from students for the curriculum on a monthly subscription basis. These fees replace the text book fees that students currently pay so that no additional fees are extended to the user. Teachers are not charged to use the system. Institutions which implement the Cloud 9 ESL Program are compensated with 10% commission of all Cloud 9 ESL Program sales generated by their students.

The Company purchased two operating entitles in 2014, ILI and EC; however the Company's management has decided not to continue pursuing the businesses that were carried on by these subsidiaries. Rather than continue to offer ESL training through schools, as was previously done through these subsidiaries, the Company has used the intellectual property of the subsidiaries to develop its own proprietary digital curriculum, the Cloud 9 ESL Program, and intends to use the existing contacts within the databases of the subsidiaries to further market its Cloud 9 ESL Program.

The Company intends to begin by marketing the Cloud 9 ESL Program in Brazil and develop a client base of institutions which already have ESL classes as part of its academic programming. The Company has already secured a license with TLSL to conduct a pilot project and begun a demonstration program of the Cloud 9 ESL Program in Sao Paolo, Brazil. Because the Cloud 9 ESL Program teaches English, the entire curriculum is in English and does not require any translation to be used in other countries. Teachers using the curriculum already have proficiency in English and therefore don't require translated materials. The Company uses Canadian embassies and consulates to identity and secure introductions to education institutions who deliver ESL programming and have an interest in implementing the Cloud 9 ESL Program.

Business Objectives

The Company's short term business objectives are to: (i) obtain a listing for its Shares on the Exchange; (ii) generate revenues through secure licensing agreements for the Cloud 9 ESL Program with various educational institutions in Mexico and Brazil with a target of 5,000 to 10,000 users by December, 2016, with the objective of securing up to one million users over the next five years; and (iii) pursue opportunities in the Mexican and Brazilian markets by building on its existing relationships in the education industry.

Risk Factors

The activities of the Company are subject to risks inherent in the education industry as well as the risks normally encountered in a newly established business, including but not limited to: negative cash flow; lack of adequate capital; liquidity concerns and future financing requirements to sustain operations; dilution; no history of operations and revenues and no history of earnings or dividends; competition; economic changes; and uninsured risks.

There is currently no public market for the Shares and there can be no assurance that an active market for the Shares will develop or be sustained after the Listing. The value of the Shares is subject to volatility in market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. Please also refer to "*Risk Factors*" in this Prospectus.

Summary of Financial Information

The table below summarizes selected financial data for the periods indicated and should be read in conjunction with the Financial Statements and the "Management's Discussion and Analysis".

The Company	Period from Incorporation on June 28, 2013 to September 30, 2013 $	For Year ended September 30, 2014 $	For Year ended September 30, 2015 $
Total earnings	10,000	70,000	1,262,117
Total expenses	14,272	97,247	1,850,259
Comprehensive (loss) for the period	(4,272)	(27,247)	(1,571,288)
Loss from discontinued operations	–	–	(894,264)
Loss per share, basic and diluted	11.87	0.01	0.11
Loss per share, discontinued operations	–	–	0.08
Weighted average shares outstanding	360	3,222,887	8,350,689
Total Assets	14,555	791,688	788,601
Total Liabilities	18,791	669,942	850,261

The Company, Interim Consolidated	Three months ended June 30, 2015 $	Three months ended June 30, 2014 $	Nine months ended June 30, 2015 $	Nine months ended June 30, 2014 $
Total earnings	617,957	20,000	1,549,302	70,000
Total expenses	886,987	26,542	2,323,026	49,712
Comprehensive (loss) income for the period	(269,030)	(6,542)	(773,724)	20,288
(Loss) per share, basic and diluted	(0.01)	–	(0.03)	–
Weighted average shares outstanding	5,986,310	2,320,548	1,995,437	2,320,548
Total Assets	1,256,648	24,110	1,256,648	24,110
Total Liabilities	630,744	–	630,744	–

BHR Capital Corp.	Period from Incorporation on December 3, 2014 to March 31, 2015
Total earnings	0
Total expenses	37,541
Comprehensive (loss) for the period	(37,541)
(Loss) per share, basic and diluted	(0.01)
Weighted average shares outstanding	5,063,983
Total Assets	225,000
Total Liabilities	35,541

English Canada World Organization Inc.	For Year ended September 30, 2014
Total earnings	738,597
Total expenses	100,201
Comprehensive (loss) for the period	(3,091)
(Loss) per share, basic and diluted	(31)
Weighted average shares outstanding	100
Total Assets	166,793
Total Liabilities	164,341

International Language Institute Ltd.	For Year ended September 30, 2014
Total earnings	1,254,757
Total expenses	1,019,694
Comprehensive (loss) for the period	(279,946)
(Loss) per share, basic and diluted	(1400)
Weighted average shares outstanding	200
Total Assets	180,043
Total Liabilities	394,127

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated pursuant to the BCBCA under the name “Anterior Education Holdings Ltd” on April 14, 2015 under incorporation number BC1033423. The Company’s head office is located at 900 – 549 Howe Street Vancouver, BC V6C 2C2 and its registered and records office is located at Suite 1820 – 925 West Georgia Street, Vancouver, BC V6C 3L2.

BHR was incorporated pursuant to the BCBCA under the name “BHR Capital Corp.” on December 3, 2014 under incorporation number BC1020797. BHR’s head office is located at 605 – 1166 Alberni Street Vancouver BC V6E 3Z3.

Cloud Nine College was incorporated under the name “Anterior Education Systems Ltd.” on June 28, 2013 pursuant to the BCBCA under incorporation number BC0974119. On January 15, 2016, Cloud Nine Company changed its name to “Cloud Nine College Ltd.”. Cloud Nine College’s head office is located at 900 – 549 Howe Street, Vancouver, BC V6C 2C2.

Intercorporate Relationships

On April 14, 2015, the Company entered into the Arrangement Agreement with Planco and BHR, which was approved by the Court by the granting of the Final Order on April 30, 2015. On June 10, 2015, the following principal steps occurred and were deemed to occur in the following order to complete the Arrangement:

1. BHR acquired all issued and outstanding common shares of the Company from Planco (the “**Purchase Shares**”) for consideration of $10,000, $2,000 of which was payable on signing of the Arrangement Agreement and $8,000 of which was payable on closing of the Arrangement;

2. the Company acquired all of the issued and outstanding shares of BHR from all of the shareholders of BHR through a 1-for-1 share exchange;

3. Planco issued 1,000 common shares to the Company and, in turn, the Company issued a net of 396,600 common shares to Planco (the “**Distribution Shares**”);

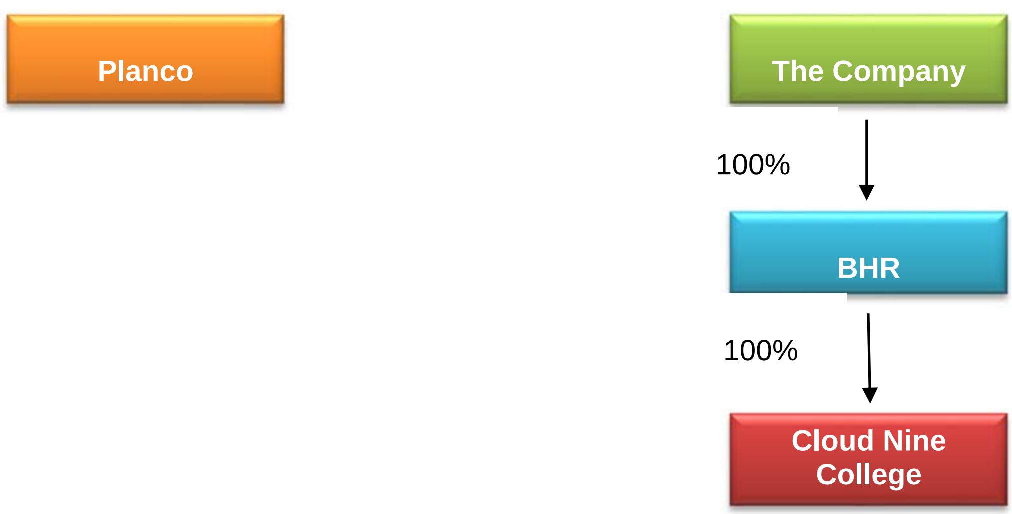
4. the Distribution Shares were distributed by Planco to the shareholders of Planco as of the record date of April 16, 2015, on a pro-rated basis according to their shareholdings; and

5. the Purchase Shares were cancelled.

Upon completion of these steps, BHR and Cloud Nine College became wholly-owned subsidiaries of the Company and the Company became a reporting issuer in British Columbia and Alberta. The following diagram illustrates the corporate structure of the Company and its wholly owned subsidiaries pre- and post-Arrangement Agreement:

PRE-ARRANGEMENT

POST-ARRANGEMENT



DESCRIPTION OF THE BUSINESS

General

The Company's primary business focus is to provide its proprietary, digital based ESL curriculum, called the Cloud 9 ESL Program, (the "**Cloud 9 ESL Program**") for licensing to the global ESL sector including private educational institutions; post-secondary universities, colleges and high schools.

The ESL Market

Canadian ESL Market

Within Canada, the education market generates approximately $6.5 billion per year, employing over 83,000 people. The ESL market in particular generates approximately $745 million annually and services approximately 30,000 foreign students each year (Industry Canada 2009).

The industry is highly fragmented and competition for foreign students is fierce. As a result, tuition fees are being pushed lower at the cost of corporate profitability. While this may seem an opportune time to consolidate the industry, recent events have resulted in ESL providers expecting unrealistic prices for their schools. Internal growth today, while slower, seems much more cost effective and mitigates the risks of acquiring a collection of overpriced business that are struggling to survive.

International ESL Market

The international ESL market continues to expand. The British Council has projected that by 2020 more than 2 billion people per year will be studying English. Without question the language of both business and science is English. There is no indication that this trend will abate or end in the foreseeable future.[2]

However, for every student who is able to travel abroad to learn English, there are thousands of other who are required to study ESL in their own countries. With the worldwide proliferation of the smart phone, the tablet and the computer, today's ESL students are seeking out new ways to gather information and learn about what interests them. There are very limited choices for the hundreds of millions of ESL students currently seeking a functional, mobile and accessible ESL curriculum in their own country. At the same time, teachers need, and are seeking out, more efficient methods of compiling and transmitting information to their students, whilst administrators want to ensure budgetary restraint. The Company's management is of the view that in today's international ESL market, companies with a digital based curriculum that is cost efficient, and comes with teacher training and certification, face limited competition and have vast opportunities before them.

ESL Students, Schools and Curriculum Developers

Despite the number of people interested in learning English around the world, there are less than 20 curriculum developers who are able and willing to meet the needs of countless institutions and schools that offer ESL programs in the international market place. When one searches on the internet for curriculum developers who offer ESL programs in a digital based format, the number falls to less than 10.

With this understanding in mind, the Company has chosen to benefit from the lack of expertise in the ESL industry by means of developing and licensing its own proprietary, digital based curriculum (the Cloud 9 Digital Curriculum) to the global ESL sector, including private educational institutions, post-secondary universities, colleges, and high schools.

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[2] Clark, D. (2012). English – the Language of Global Business. *Forbes Magazine*. Available at: http://www.forbes.com/sites/dorieclark/2012/10/26/english-the-language-of-global-business/

The Company maintains an ESL school in Vancouver, where it develops and tests instructional and teaching methods and the content of the Cloud 9 ESL Program. The Vancouver school enables institutions who may be interested in implementing the Cloud 9 ESL Program to look at the Vancouver campus as a showroom of sorts and to see how the program works.

Cloud 9 ESL Program Development

While continuing to increase enrolment at its Vancouver ESL school, the Company plans to diversify its position within the education sector and focus on generating revenues through the sale of its own, digital based ESL curriculum, which it has named the Cloud 9 ESL Program.

The Company has been developing the Cloud 9 ESL Program since acquiring ILI in September, 2014. Lessons are ranked within the internationally recognized CEFR. All course materials are stored in a Google Drive program designed for educators. Teachers are able to manage data flow and to restrict documents that may not be edited. Every student has a folder and teachers can access all of the students' work at any given time.

Students use their smart phones, tablets or computers to access and collaborate on classroom work and home study assignments. No textbooks to carry around and no more loose paper to keep track of. Students can access their course materials individually or share their page and work concurrently with others on the same page at the same time.

Teachers use their devices to distribute, retrieve, store and catalogue the students' work. Instructors are able to assist students with their studies at home with online guidance to ensure the main theme of lessons is understood. Study sessions from multiple remote locations changes homework from a solitary exercise into a group activity. Students are able to learn from and support their fellow students.

The Cloud 9 ESL Program is designed to maximize learning outcomes through a student-centered, communicative approach to learning. Replacing the need for traditional text books, the Cloud 9 ESL Program allows students to use a variety of devices, such as computers, tablets or smart phones in order to access course material, deliver assignments and even collaborate on classroom and home study projects. All course materials are stored on a Google Drive program specifically designed for educators.

The development of the first version of the Cloud 9 ESL Program was finalized in June of 2015, at which time two pilot projects of four weeks each were conducted in Halifax, Nova Scotia. Student users of the pilot projects provided positive feedback resulting in the integration of the Cloud 9 ESL Program into the Company's Vancouver school program.

Curriculum Pedagogy and Methodology

In language training, digital communication has given rise to the "*flipped classroom*" approach, which is an approach that enables teachers and students to move away from the traditional instruction-based model of learning. Using this approach, students are able to spend more class time practicing the target language in meaningful interactions and contexts. The approach also lends itself to peer teaching and learning and student-led learning. With appropriate online digital materials, students have an outlet to learn at their own pace and teachers have more time for individualized support during class time. For example, a video grammar presentation can be shared with students to watch outside of the classroom. The students can stop and repeat the video as many times as they need to. They can also assess the level to which they have acquired the information through online comprehension checks that include automatic assessment and feedback. Students access the information in their own comfortable environment and the next day in class, teachers can offer support to those who need it while guiding others to take what they have learned to a new level. More advanced students can help their peers. All students can progress at their own pace.

The Cloud 9 ESL Program is designed to leverage this method and the Company's management believes that doing so will achieve superior student outcomes in language learning. Additionally, this approach increases the flexibility of the curriculum, giving it an organic, adaptable aspect that can be easily shaped to fit a wide variety of schedules, time frames and school structures.

Targeted Outcomes

The Cloud 9 ESL Program's lesson plans are ranked within the CEFR. The CEFR describes foreign language proficiency at six levels as shown in the attached chart, broken down as "Introductory A1 and A2"; "Intermediate B1 and B2"; and "Advanced C1 and C2"):

level	description
A1	Can understand and use familiar everyday expressions and very basic phrases aimed at the satisfaction of needs of a concrete type. Can introduce him/herself and others and can ask and answer questions about personal details such as where he/she lives, people he/she knows and things he/she has. Can interact in a simple way provided the other person talks slowly and clearly and is prepared to help.
A2	Can understand sentences and frequently used expressions related to areas of most immediate relevance (e.g. very basic personal and family information, shopping, local geography, employment). Can communicate in simple and routine tasks requiring a simple and direct exchange of information on familiar and routine matters. Can describe in simple terms aspects of his/her background, immediate environment and matters in areas of immediate need.
B1	Can understand the main points of clear standard input on familiar matters regularly encountered in work, school, leisure, etc. Can deal with most situations likely to arise whilst travelling in an area where the language is spoken. Can produce simple connected text on topics which are familiar or of personal interest. Can describe experiences and events, dreams, hopes & ambitions and briefly give reasons and explanations for opinions and plans.
B2	Can understand the main ideas of complex text on both concrete and abstract topics, including technical discussions in his/her field of specialisation. Can interact with a degree of fluency and spontaneity that makes regular interaction with native speakers quite possible without strain for either party. Can produce clear, detailed text on a wide range of subjects and explain a viewpoint on a topical issue giving the advantages and disadvantages of various options.
C1	Can understand a wide range of demanding, longer texts, and recognise implicit meaning. Can express him/herself fluently and spontaneously without much obvious searching for expressions. Can use language flexibly and effectively for social, academic and professional purposes. Can produce clear, well-structured, detailed text on complex subjects, showing controlled use of organisational patterns, connectors and cohesive devices.
C2	Can understand with ease virtually everything heard or read. Can summarise information from different spoken and written sources, reconstructing arguments and accounts in a coherent presentation. Can express him/herself spontaneously, very fluently and precisely, differentiating finer shades of meaning even in more complex situations.

Using the common reference levels makes it possible to compare tests and examinations across languages and national boundaries. By incorporating such internationally recognized standards, the Company's management believes the Cloud 9 ESL Program is situated to be readily accepted by the global community as a leading tool by which to deliver ESL course materials.

Delivery Modules & Time Frames

Each module included in the Cloud 9 ESL Program contains four lessons. Teachers can use the "*flipped classroom*" (described above under the heading "*Curriculum Pedagogy and Methodology*") to assign a variety of homework activities. They have the option in classes to spend more or less time on a particular theme or linguistic component and have discretion as to how much work to assign to students either at home or in the classroom. Teachers can also introduce their own supplementary activities and/or incorporate appropriate field trips or other out-of-class activities to promote learning. The curriculum ultimately seeks to map learning and input materials to both the individual and group needs of the learners.

Content

Use of Context as a Communicative Vehicle

A contextual theme gives unity to each module to engage students in the material, practice using vocabulary, and make connections between ideas.

For example, in the "Academic Preparation" unit, the overarching theme is: "Neuroscience & Human

Behavior". Within this theme, the lessons include development of five sub-themes:

(1) how the brain works;
(2) the effect of music on the brain;
(3) stress;
(4) learning styles; and
(5) the benefit of play.

Another unit develops the overarching theme of "Environment" with such sub-themes as:

(1) At work;
(2) Living somewhere new;
(3) Social Media;
(4) Climate & weather;
(5) Human Impact on the environment; and
(6) Technological environment.

The use of context also helps the learners relate language to the real world and indeed their own lives, thus lowering their affective filter (a theory referring to the complex of negative emotional and motivational factors that may interfere with the reception and processing of comprehensible input, including such feelings as anxiety, self-consciousness, boredom, annoyance, and alienation) and enhancing the second or subsequent language acquisition and retention potential.

Language Systems

Lexis – a principled approach is brought to teaching Lexis, such as through the use of visuals, realia (objects from real life used in classroom instruction to improve students' understanding of other cultures and real life situations), examples, gestures, marker sentences, flooded texts, and the like in order to provide students with contextualized opportunities to deductively acquire new Lexis. This is enhanced by collaboratively working in real time to produce materials and practice exercises that supplement the materials provided by the curriculum itself. Discrete language items are avoided and in their place, a mostly lexical approach is employed that focuses on the priming of language such as:

> *Collocation* – the sequential co-occurrence possibilities of multi-word units that "sound right" such as "strong tea" as opposed to "powerful tea" or "fast food" as opposed to "quick food";
>
> *Fixed or frozen collocations* – a form of expression that is something we ordinarily say in certain situations such as "pleased to meet you" or "all of a sudden"; and
>
> *Idiomatic language* – expressions that cannot be understood from the meaning of its separate words but has a separate meaning of its own such as "a can of worms", "staycation", or "rub someone the wrong way".

Grammar – in part, presentations of new grammar is carried out through the medium of a video set for homework. A somewhat *macro-test-teach-test* approach is employed in that, upon watching the presentation of language via a video, students are then quizzed during which time they can return to the video at any point in order to answer the question. The idea is to help the students focus on relevant aspects of meaning, form, and phonology before the lesson begins. In this way, more class time is spent practicing and upgrading the students' accuracy and fluency with the target language.

Functional language – principally situational presentations of language are done in class in order to provide students with time to practice contextualized exponents of functional language. A strong focus is given to the use of role-play and intonation in order to help students acquire segments of language appropriate to situations and contexts.

Pronunciation – pronunciation is standard practice and will form part of any language lesson (i.e., grammar, Lexis, functions, etc.). However, where recurring pronunciation problems occur, these problems will be addressed as follows: having been presented with target sounds, students work to match these sounds to vocabulary that has been presented earlier in the course. This allows for both targeted pronunciation and vital recycling of target language. Leveraging the collaborative functionality of the technology employed for the Cloud 9 ESL Program, each student or group contributes to the identification and upgrading of the use of those sounds.

Receptive Skills: Listening – using the "*flipped classroom*" (described above) approach to listening, students are assigned videos or podcasts in order to activate schemata (organizational patterns or conceptual frameworks such as "Olympics" or "hospital"). Students are also periodically encouraged to collaborate on prediction tasks prior to the beginning of a lesson. Then in class, prediction tasks can be used to replace the curriculum prescribed gist tasks. In any case, prediction is an intrinsic receptive sub-skill that needs development. Specific information tasks focus on the communicative aspect of scanning; i.e., the tasks ensure that simple 'lifting' of information is avoided and true bottom-up sub-skills are developed.

Along with these core sub-skills (predicting, skimming and scanning), others are also developed; for example, connected speech, turn-taking, and speaker's attitude.

Receptive Skills: Reading – similar to listening, students are allowed to familiarize themselves with contexts and core concepts before a lesson begins. Once again, predicting and activation of schemata can be done before lessons so that more time can be dedicated to developing sub-skills in class. Gist and specific information along with another, potentially language based sub-skill (e.g. inferring meaning from context), are developed in order to fully maximize the learning potential from texts.

Follow-up activities to receptive skills tasks – traditionally, students follow up with a receptive skills task via a productive skill; i.e., speaking or writing, and this is also true of the Cloud 9 ESL Program. However, students will also be encouraged to select and suggest further texts, podcasts, videos, and the like. This deepens students' involvement in the direction of their own learning, strengthens the learning partnership, and enhances intrinsic motivation.

Productive Skills: Speaking – at the heart of the communicative approach is the information gap. This is at the core of all speaking activities whether they are for language practice or for developing speaking sub-skills. Those sub-skills include, but are not limited to; turn-taking, interjecting, non-verbal communication repair and repetition, grammatical range, lexical range, use of discourse markers, appropriateness, and register.

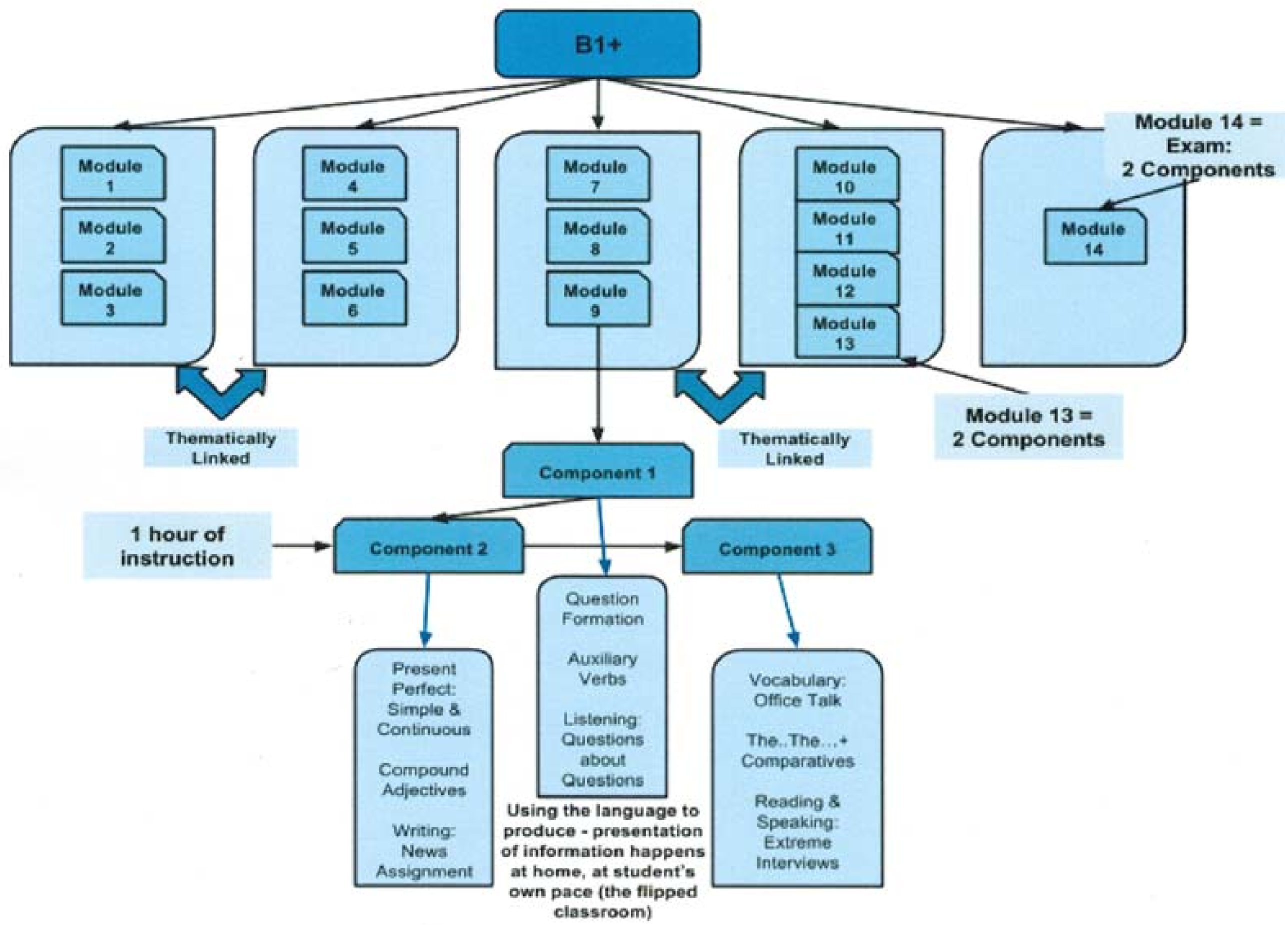
Productive Skills: Writing – in keeping with standard best practice approaches to teaching writing, both product and process writing frameworks are employed. Aspects of writing such as genre, layout, register, tone, cohesion, discourse markers, grammatical/lexical range and accuracy, and repetition are all covered. There will be a greater focus on collaborative writing and peer correction again through the implementation and leveraging of the Cloud 9 ESL Program presentation platform. Writing lessons are enhanced through presentation and correction mediums, such as iMovie, Screen-o-matic, Educreations, and Blogger.

Delivery Platform

The Cloud 9 ESL Program is organized and stored in a system of folders and delivered through Google Drive and Google Classroom. Each module includes a comprehensive lesson plan, and all documents and presentations for the lesson are hyperlinked to the lesson plan the teachers review before each class. Teachers can deliver this material to students in various ways, and the curriculum provides instructional screencast videos to help teachers choose the most appropriate form of delivery. This delivery platform also allows students and teachers to collaborate on documents in real time and provides a forum for feedback both in and outside the classroom. Comprehension checks (such as quizzes) are delivered online and the results are automatically generated for the teacher when students submit their answers. The organization of the delivery platform is as follows:

Assessment

The curriculum encourages a quiz on material covered every four lessons for progress checking. The quizzes give students an opportunity to process and review information covered and identify areas with which they may continue to have difficulty. In addition, new students can use the test in order to identify where they need to focus so as to quickly integrate with level and pace of the current learners.



The Cloud 9 ESL Program uses the following evaluation format, but instructors are encouraged to modify this format to meet their local needs:

- Quizzes 15%
- Exams 30%
- Participation 15%
- Writing 20%
- Presentations 20%

Cloud 9 ESL Program – Revisions & Editing

Unlike traditional text books which require significant time and expense to edit in order to produce up-to-date, subsequent volumes, the Cloud 9 ESL Program can be revised almost instantly and at low cost. Once amendments are made, every student and teacher using the Cloud 9 ESL Program around the world will be able to immediately access the new version at no additional cost to the user.

English for Special Purposes

Vocational English, or English for special purposes has been identified as a significant catalyst for the surge in demand for digital English products.[3] In addition to the standard curriculum provided by the Cloud 9 ESL Program, the Company's management believes there are significant opportunities to develop English for special purposes lesson plans for programs such as tourism, communications, management, and nursing. These markets would provide tertiary opportunities for ongoing product development thereby providing additional sources of revenue for the Company.

Security and Data Management

The Cloud 9 ESL Program generally relies on the built in security features of Google Drive; however, instructors and administrators add another layer of protection by being able to block or limit any editing of curriculum content.

Pilot Projects 2015

Two Cloud 9 ESL Program pilot projects comprised of four weeks each were conducted in Halifax, NS, in June of 2015. Students for the projects came from Brazil and Italy. Each group had 18 to 20 students, each aged 15 to 18 years old. The pilot project programs used the Cloud 9 ESL Program exclusively and students reported on the ease of use it provided. Both programs have been reconfirmed for 2016 and enrollment is already 20% above the 2015 contingent with several months left to market the program and attract more students.

The Cloud 9 ESL Program Revenue Model

Revenues from the Cloud 9 ESL Program are to be generated by charging students a monthly curriculum fee of $10 (USD) per month, per student in lieu of the text book fees. It is important to note that although the selection of which curriculum to use is a decision made by an institution, the cost of the program will be borne by the students who subscribe for (or license) the curriculum from the Company each month. 10% of the curriculum fees generated by the students is rebated back to the institution each month.

The Company believes that the low costs of the Cloud 9 ESL Program will help to mitigate overall educational expenses and help to make institutions which have integrated the Cloud 9 ESL Program more attractive to students with limited or fixed incomes.

Cloud 9 ESL Program Integration Provides Teacher Training & CELTA Certification

Teacher training has been identified as a central issue of decision makers considering the Cloud 9 ESL Program. Schools and companies alike have expressed desire for assurances that the curriculum they choose will be properly supported. To underscore this feature, the Company will offer teacher training and ESL certification free of charge to institutions that integrate the Cloud 9 ESL Program into their programs. This will be a nominal cost for the Company compared to the projected revenue of an institutional integration of the Cloud 9 ESL Program. The Company will facilitate this, in part by sending Company representatives to institutions integrating the Cloud 9 ESL Program and in part by providing in-person teacher training.

Market Research & Short Term Focus

In June of 2015, a delegation of the Company traveled to Chile and Brazil to introduce the Cloud 9 ESL Program to various educational institutions, which has a collective enrollment of 1.25 million students. The

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[3] Adkins, S.S. (2014). *Ambient Insight Premium Report: The 2013-2018 Worldwide Digital English Language Learning Market*. Ambient Insight. Available at: http://www.ambientinsight.com/Resources/Documents/AmbientInsight-2011-2016-Worldwide-Digital-English-Language-Learning-Market-Overview.pdf

Company is currently engaged in advanced discussions with several of those parties regarding pilot projects and licensing of the Cloud 9 ESL Program.

Due to the positive response received by the Company to the Cloud 9 ESL Program from the June 2015 trip to South America, combined with the region's generally low ESL proficiency and large population base(s), the Company intends to focus on developing market penetration in Brazil and Mexico before considering other opportunities.

To assist in securing its market share, the Company has formed a close business relationship with TLSL, an ESL school operator in Brazil. TLSL is located in São Paulo, Brazil, and has been servicing the ESL market in Brazil for 20 years. In addition to teaching English, TLSL also provides CELTA teacher-training. This capacity will assist the Cloud 9 ESL Program in addressing its commitment to free training and certification.

In Mexico, the Company will be working with YCL to promote the Cloud 9 ESL Program. YCL assists with recruitment of students and connections with ESL providers. The senior principal at YCL has been operating in the Mexican market for more than five years and has developed a reputation as a well-respected provider of international education services. In November, 2015, the Company was contacted by YCL, as YCL was looking for a provider of a digital curriculum and was impressed with the Cloud 9 ESL Program.

Marketing, Promotion & Sales

The Company intends to continue to work with Canadian consulate offices in Brazil and Mexico to identify and secure introductions to schools and institutions that may be interested in implementing the Cloud 9 ESL Program. Potential clients include universities and technical institutes that offer ESL courses within their various faculty programs. Some examples of this would be hospitality and culinary arts programs, nursing schools, and business management courses, such as an MBA program.

Other potential customers include ESL providers and senior high schools in Brazil and Mexico who are seeking a digitally based curriculum.

In addition to working with the Canadian consular services overseas, the Company intends (as noted previously) to work with overseas distributors to identify and attract customers. It is the view of the management team at Cloud 9 ESL Program that local distributors will assist the Company to ensure it can meet any cultural expectations and equally important, provide overseas customers with a sense of security and support by knowing that they will have a regional representative who can be contacted (in their local language) with questions they might have.

Distributors will be provided a 15% commission. In exchange for this remuneration, they will provide the Company with office space in their region for the Cloud 9 ESL Program and for every 10,000 users who subscribe from their country will hire one sales representative and one administrative staff member to work alongside the Company's overseas staff members. An example of staffing requirements and how the Company will address it overseas personnel needs has been provided in the "Growth & Development" and "5,000 to 10,000 Users" sections of this document.

In its business development model, the Company has determined that 12% of gross revenues will be allocated to cover promotional and marketing expenses for the Cloud 9 ESL Program. A further 4% of gross revenues will be used to hire employees that will work overseas alongside sales and administrative staff retained by regional distributors.

Sustainable ESL Curriculum Model

The Company estimates that the Cloud 9 ESL Program will become sustainable once 5,000 users have subscribed for the curriculum. At this point the revenues generated by student users will meet the costs associated with the marketing and delivery of the Cloud 9 ESL Program, including a 15% commission to overseas distributors and a 10% rebate for educational institutions that implement the Cloud 9 ESL Program. These calculations are outlined as set out in the table below.

1	Manager / Teacher Trainer		$7,000	month
2	Curriculum Developers		$9,000	month
1	IT / Tech Support		$6,000	month
1	Sales Rep		$5,000	month
0.5	Admin / Payroll	(Add to exiting staff)	$3,000	month
1	Registrar	(Use exiting staff)	$0	
1	Reception	(Use exiting staff)	$0	
	Marketing / Travel		$7,500	month
	Office - use existing space at Vanc ESL school		$0	
		Sub - total	$37,500	month
	Distributor commission - 15%		$7,500	month
	Institution rebate - 10%		$5,000	montho
		Sub - total	$12,500	month
Total expenses (CND)			**$50,000**	**month**
Revenue		**5,000 users x $10/month**	**$50,000**	**month**

<u>Ongoing Curriculum Development & Delivery Costs</u>

Once a base of 5,000 users has been established, the Company estimates it will incur the following expenses for every additional 10,000 students who subscribe for the Cloud 9 ESL Program.

1	Manager / Teacher Trainers				$6,000	month
1	Curriculum Developers				$4,500	month
1	IT / Tech Support				$6,000	month
1	Admin / Payroll				$3,500	month
0.5	Registrar				$3,000	month
1	Reception				$2,500	month
1	Sales rep (overseas)				$4,500	month
	Promotion / Advertising				$7,500	month
	Website maint		$1,500	month		
	Marketing / Travel		$7,500	month		
	Office space		$2,000	month		
		Sub - total	$48,500	month		
	Institution rebate	10%	$10,000	month		
	Distributor commission*	15%	$15,000	month		
	provides	*1 sales rep*				

	1 admin / recpt'n		
	office space		
	Sub - total	$25,000	month

Total expenses		**$73,500**	**month**
Revenue	**10,000 users x $10/month (USD)**	**$100,000/month (USD)**	

Revenue Projections and Staff Requirements with 5,000 to 10,000 Cloud 9 ESL Program Users

As noted under the "Use of Proceeds" section below, the Cloud 9 ESL Program objective is to have 5,000 to 10,000 users in place within the next 12 months. The information outlined below provides a descriptive model of what revenues the Company expects to generate as well as outlining the costs associated with delivery of the Cloud 9 ESL Program:

3	Manager / Teacher Trainers		$20,000	month
4	Curriculum Developers		$20,000	month
3	IT / Tech Support		$15,000	month
2	Admin / Payroll		$9,000	month
1	Registrar		$6,000	month
2	Reception / secretarial		$6,000	month
2	Sales rep (overseas)		$10,000	month
	Promotion / Advertising		$15,000	month
	Marketing / Travel		$15,000	month
	Office		$4,000	month
	Website maint		$1,500	month
		Sub - total	$121,500	month

Institution rebate		10%	$25,000	month
Distributor commission*		15%	$37,500	month
provides	*2 sales rep*			
	2 admin / reception			
	office space			
	Sub - total		$62,500	month

Total expenses		**$184,000**	**month**
Revenue	**25,000 Users x $10/month (USD)**	**$250,000/month (USD)**	

ILI and EC

ILI Acquisition

On September 30, 2014, the Company acquired ILI (along with its companion company, EC). ILI is a private language training centre that began operations in Halifax in 1980. It was the first institute in the Atlantic Provinces to offer language training programs designed for non-English-speaking learners and has since grown to become one of Canada's most distinguished language training, teacher training, and ESL testing centres.

ILI is accredited by Languages Canada and is listed among those English language programs recommended by EduCanada (Department of Foreign Affairs and International Trade) as a destination for international students (www.languagescanada.ca). In the course of its more than 30-year history it has taught tens of thousands of students from more than 30 countries.

The current location is in a well maintained building in downtown Halifax a few blocks from Dalhousie University providing for 15,900 square feet of space on the bottom of two floors with a capacity to accommodate 222 full-time students. There are 7 ½ years left of the lease which does not expire until December 31, 2022 with options to extend.

Although the Company purchased ILI and EC in September 2014, the businesses of these subsidiaries does not form a material aspect of the Company's business going forward, as the Company intends to focus on the development and implementation ofthe Cloud 9 ESL Program.

Teacher Training

ILI was the first organization in North America to be approved as a teacher-training centre by the University of Cambridge and has trained over 1,700 language teachers since that time. The Cambridge Certificate in English Language Teaching to Adults remains one of the language training industry's most highly regarded entry-level qualifications.[4] All ILI teachers are CELTA certified or possess even more advanced credentials.

As well, ILI's teacher trainers assess teacher training programs worldwide and train internationally recognized IELTS examiners. ILI became the Atlantic Canada regional IELTS test centre in 2002.

EC

In 2003, the directors of ILI founded a companion organization, EC, to deliver and expand on its language training services and teacher training services internationally.

Accreditation

ILI is accredited by Languages Canada and is listed among those English language programs recommended by EduCanada (Department of Foreign Affairs and International Trade) as a destination for international students (www.languagescanada.ca).

EC is an authorized Cambridge CELTA teacher training centre for both face to face and online courses. Its CELTA teacher training program is accredited by TESL Canada. EC's teacher training programs are approved by the Nova Scotia Department of Labour and Advanced Education under the Private Career College Regulations.

[4] http://www.cambridgeenglish.org/teaching-english/teaching-qualifications/celta/

Sale of ILI

On October 30 2015, pursuant to the ILI Sale Agreement, the Company divested 100% of its interest in ILI. The sale of ILI is consistent with the Company's objectives of reducing overhead costs and enhancing focus on the Company's Cloud 9 ESL Program, which is considered foundational to the Company's overall success.

CET Vancouver: Asset Acquisition

On December 31, 2014, the Company completed a transaction to acquire, for one dollar, the assets of CET Vancouver, an ESL school (now relocated to 549 Howe Street) located in Vancouver, British Columbia. The transaction included a base of 50 students, 5 teachers, 3 administrative staff and all requisite teaching materials along with an existing agent agreement. The Company subsequently entered into a three year lease for 4,800 square feet of space at 549 Howe Street, Vancouver, with no rental increases for the term. The school is able to accommodate 110 students. The new location enables the Company to recruit students into the prime Vancouver market and materially advances the corporate development plan.

The Digital Learning Market

World Linguistic Market

The world linguistic market generates over $55 billion annually[5] within which the study of English is responsible for more than 50% of the total revenues generating $35 billion per year; more than all other languages combined.[6]

This is attributable to the increasing globalization of English as the language of business and science and according to the British Council, an estimated 2 billion people will be studying English by 2020.[7] English is rapidly becoming the *de facto* international language of such things as civil aviation,[8] and computer programming in that English is the dominant choice of keywords for code libraries.[9]

In August, 2012, the Government of Canada's Advisory Panel on Canada's International Education Strategy issued its 112 page Final Report[10] citing the Organisation for Economic Co-operation and Development (OECD) in its estimation that the global demand for international higher education is set to grow from nearly 3.7 million students (in 2009) to 6.4 million in 2025." (pg. ii).

World English Language Digital Learning Products Market

Digital based curriculum platforms are expected to expand significantly over the next few years. In a market analysis research report published in 2014 by Ambient Insight, it is noted that the electronic / digital market for ESL products will have significant growth potential over the next five years with revenues anticipated to be in the range of $3.1 billion by 2018.[11]

Ambient Insight cites five catalysts for the expected growth in the digital English language learning market, as follows:

[5] Adkins, *supra.*
[6] *Ibid*.
[7] Clark, D. (2012). English – the Language of Global Business. *Forbes Magazine*. Available at: http://www.forbes.com/sites/dorieclark/2012/10/26/english-the-language-of-global-business/
[8] (2003). Status of English Language Standard for Use in Civil Aviation. International Civil Aviation Organization. Available at: http://www.icao.int/SAM/Documents/2003/RAAC8/RAAC8IP18.pdf
[9] Pigott, D. (2006). *HOPL: An interactive roster of programming languages*. Murdoch University, School of Information Technology.
[10] Advisory Panel on Canada's International Education Strategy. (2012). *International education: A key driver of Canada's future prosperity.* Available at: http://www.international.gc.ca/education/assets/pdfs/ies_report_rapport_sei-eng.pdf
[11] Adkins, *supra*.

1. Large-scale digitization initiatives in the academic segments;

There is a global movement towards the digitization of academic content in both the government and private sectors of education. For example, in April of 2011, the Kazakhstan government announced a $1billion multi-year project to implement digital learning in the school system stating that 95% of subjects will be digitalized. As well, between 2008 and 2013, Uruguay distributed over one million computing devices to students to become the first country in the world to reach a one-to-one student-to-computer ratio. Further, in Brazil, where foreign language studies are mandatory for children in grades 6-9 and English comprises 47.7% of those studies, the government has undertaken a large-scale operation to digitize all high-school textbook and instructional content by 2017.

2. New government educational policies designed to increase English proficiency

Globally, governments are implementing policies to increase English proficiency. More than 98 countries analyzed in the Ambient Insight report issued new English instruction education polices in the year 2011-2014. Standard policies include increasing the amount of time spent on learning English as well as introducing English at earlier grade levels. Examples of such policies include that in 2011, the Slovakian government passed a law making English language learning compulsory beginning in the third grade. In 2008, Rwanda mandated English as the official language of instruction in schools and in 2011, South Sudan declared English as its official language. The Vietnamese government announced its goal in 2011 to have all students in the country proficient in English by 2020.

3. Consumer demand for digital language learning products, particularly mobile products;

The Ambient Insight report cites consumer demand as being the most important long-term catalyst for digital English language learning noting the trend being largely due to the rapid roll-out of mobile broadband globally. English learning applications rank consistently in the top-ten paid mobile learning products in all countries; however, the type of content varies amongst countries. Educational games geared towards young children rank among the top sellers in predominantly English speaking regions whereas applications for test preparation of standardized English exams dominate in others.

*4. The proliferation of mobile learning value added services ("**VAS**"); and*

Mobile learning VAS have proliferated in recent years from only six available in 2008 to over 220 by the end of 2012. The top selling education application in the Apple store in Japan in June of 2014 was an English language learning application for examination preparation – eight of the top ten selling applications in the store were in fact all English learning applications. The Company is mindful of this important market segment and is considering ways to develop companion applications of the Cloud 9 ESL Program to release to complement its current business model.

5. Strong demand for specialized forms of English (like aviation and business English).

Vocational English products, or, as referred to before, ESP, are typically purchased by corporate buyers and some government agencies as well as individual purchasers. Such products include aviation, business, hospitality, finance, law, medical, transportation, tourism, oil & gas, information technology and engineering English. According to the World Travel and Tourism Council, global tourism and the hospitality industry employs approximately 10% of the world's workforce. The Company is currently designing specialized Cloud 9 ESL Programs geared towards tourism, communications, management and nursing.

<u>English as a Life Pathway</u>

More than learning a new linguistic skill, those who are learning English as their second language are building pathways for their future. The quality of the high school, college or university they can attend is greatly enhanced with ESL skills. Career advancement could be materially impacted in a positive manner if one possesses strong ESL abilities.

Specialized Skill and Knowledge

Fergus Fadden

Fergus Fadden has an extensive and thorough grasp of teaching ESL to students having taught in Spain, Brazil and Canada. Mr. Fadden has comparable skills in the area of ESL teacher training and certification as a highly respected CELTA trainer. Mr. Fadden consults on the ongoing development and revision of the Cloud 9 ESL Program and co-ordinates and at times delivers the teacher certification offered with the Cloud 9 ESL Program.

Andrea Thoms

Andrea Thoms is an adult education curriculum design specialist and is leading the Cloud 9 ESL Program design for the Company. Ms. Thoms holds a Bachelor of Education and a Master's in Adult Learning & Education specifically having applied these credentials over the last 20 years specifically to ESL and curriculum design.

Jason Deering

Jason Deering is one of the lead developers of the Cloud 9 ESL Program and began work on the project under the supervision of Fergus Fadden and Andrea Thom in March of 2015. He was hired largely due to his extensive background in the ESL industry, graphic design experience, and meticulous nature. Jason earned a Bachelor's Degree from Saint Mary's University (Halifax, Nova Scotia) in 1999 and then taught ESL in Taiwan from 2001 to 2013, where he worked for Gloria English School. While overseas, he was contracted out to various elementary, junior high, and senior high schools, as well as junior colleges and government agencies. From 2006 to 2013, Jason also had a contract at Yu Da Senior High in Ping Chen, Taiwan where he developed his own unique and dynamic teaching style.

Jason returned to Canada in 2013 to pursue teaching ESL to adults. At that time, he completed the CELTA program and was immediately hired as an ESL instructor. During his time as a teacher, Jason has had the opportunity to teach a wide range of levels, from basic literacy skills to advanced university preparatory programs. In March of 2015, Jason joined the Cloud 9 ESL Program development team, and draws on many of the graphic design skills he learned while studying cartography, such as presenting maximum information with a minimum of visual elements. The unique skill set Jason has acquired through his education and many years of teaching ESL makes him a valuable member of the Cloud 9 ESL Program development team.

Amos Sarrouy

Amos Sarrouy is a Cloud 9 ESL Program developer. He was one of the first teachers to test the curriculum during the 2015 pilot projects, and focuses on new materials development. Amos has six years of experience teaching ESL since receiving his CELTA certification; much of that in Bolivia, Argentina, Colombia and Brazil. While in South America he taught at private language schools, as well as teaching professionals and executives at several well-known organizations, including Oxfam, Johnson &Johnson, PricewaterhouseCoopers, L'Oréal, KPMG, and Fox Entertainment. He has also taught ESL at Saint Mary's University in Halifax.

Amos has 10 years of experience as a freelance writer and editor, and has worked on a wide variety of texts in various fields, including health and safety, medicine, electrical engineering and history. He has a combined undergraduate degree in Philosophy and English from the University of King's College and Dalhousie University.

Intangible Properties

As of the date of this Prospectus, the Company has designed three logos which meet the needs of the different divisions of the corporate structure. The logos are below and relate to the names outlined below:

Head Office — cloud nine EDUCATION GROUP

ESL Curriculum — cloud nine ESL PROGRAM

ESL School — cloud nine COLLEGE

Domain Names

The Company is the registered owner of the following domain names:

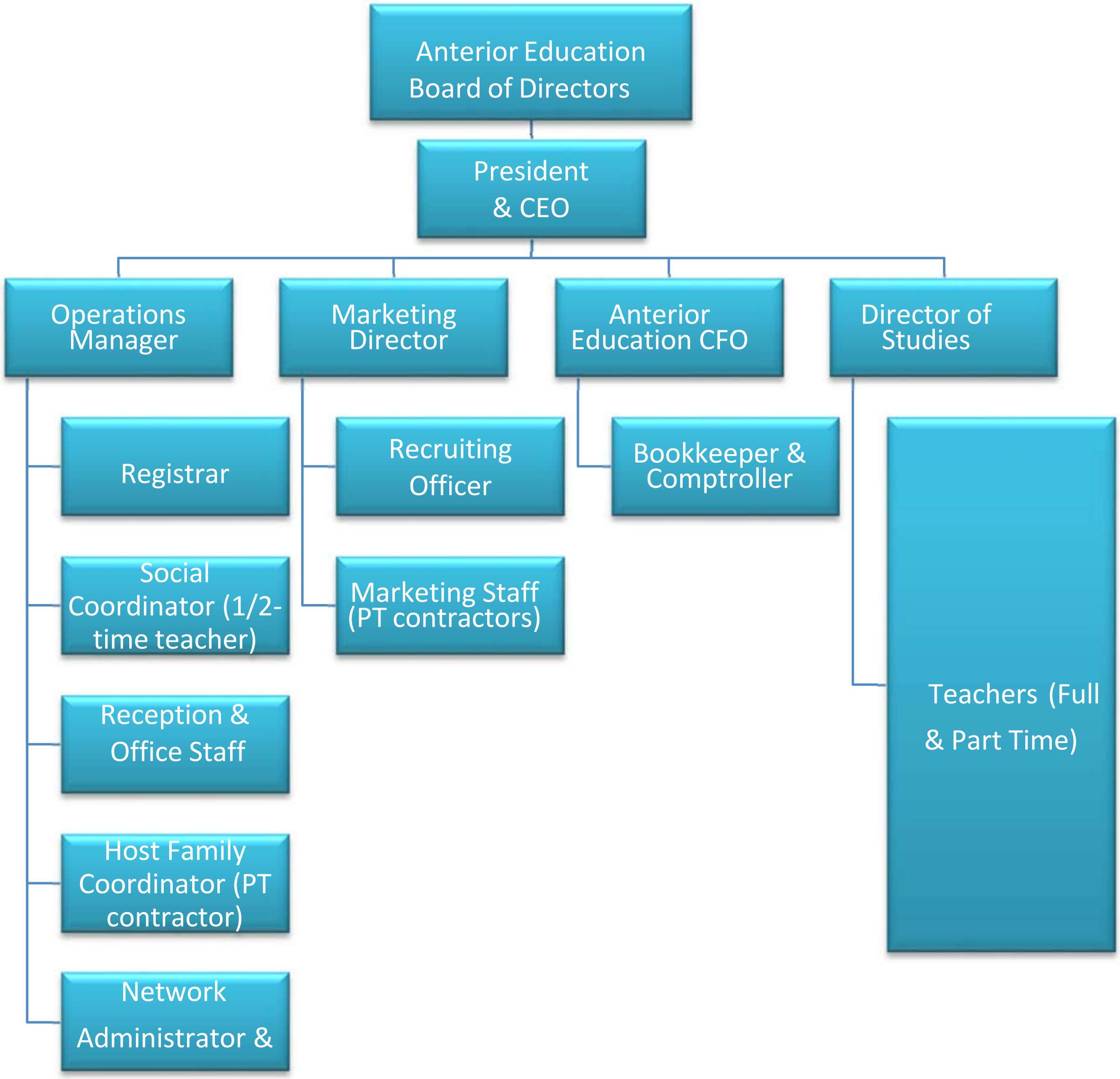
anterioreducation.com	cloud9esl.ca	digitalesl.ca
c9college.com	cloudesl.ca	digitalesl.com
c9educationgroup.com	cloudninecollege.com	englishcanada.ca
c9edugroup.com	cloudnineesl.com	english-canada.ca
c9eg.com	cninecollege.com	englishcanada.org
celta.ca	cnineeducationgroup.com	english-canada.org

Cycles

Our business is seasonal. We anticipate that our Vancouver school will operate year round with approximately 45 students and that in January, February, and summer months we will increase our students in shorter programs. The summer program runs from June through to the end of August.

Employees

The following diagram illustrates the offices, positions, and departments of the Company, which currently has approximately 10 employees as well as a number of consultants:



Competition

The Company has several competitors with respect to different aspects of its business. The following companies provide ESL curriculum to students via textbook materials and some of them provide teaching in a typical classroom style:

- ALTA ESL Book Center Publishers, located in Burlingame, CA (www.altaesl.com);
- Delta Systems Co., Inc., located in Henry, IL (www.delta-systems.com);
- Dominie Press, located in Carlsbad, CA (www.dominie.com);
- Heinle and Heinle, located in Boston, MA (www.heinle.com);
- Linmore Publishing, located in Palatine, IL (www.linmore.com);

- National Centre for English Language Teaching and Research, Macquarie University Linguistics Department, located in New South Wales, (www.nceltr.mq.edu.au); and
- New Readers Press, located in Syracuse, NY (www.newreaderspress.com); Oxford University Press, located in New York, NY (www.oup.com/us/); Pro Lingua Associates, located in Brattleboro, VT (www.prolinguaassociates.com).

However, the above potential competitors do not provide any digital curriculum materials; ESL materials are not referenced to CEFR proficiency outcomes; there is no teacher training nor certification component to their curriculum; none of them have any or very little presence in South America or Asia; and they do not provide university pathway agreements. The Company's Cloud 9 ESL Program provides all of the above products and services.

There are several other companies that compete with portions of the Company's business but do not provide the standard of curriculum nor many other services the Company provides, as follows:

- Cambridge University Press, located in New York, NY (www.cup.org): Cambridge University does not provide digital curriculum materials nor teacher training and certification;
- Pearson Education ESL, located in White Plains, NY (www.pearsoned.com): ESL materials provided by Pearson Education are not referenced to CEFR proficiency outcomes; there is no teacher training and certification component to their program; and they do not provide university pathway agreements;
- SMRT English, located in Vancouver, BC (http://smrtenglish.com/smrt/): ESL materials provided by SMRT are not referenced to CEFR proficiency outcomes; there is no teacher training and certification component to their program; and as a private company, they have limited access to capital;
- Teachers of English to Speakers of Other Languages (TESOL), located in Alexandria, VA (www.tesol.org): TESOL does not provide digital curriculum materials and their ESL materials are not referenced to CEFR proficiency outcomes;
- University of Michigan Press, located in Ann Arbor, MI (www.press.umich.edu/esl/): University of Michigan Press does not provide digital curriculum materials and their ESL materials are not referenced to CEFR proficiency outcomes; there is no teacher training and certification component to their program; and they do not have any presence in South America or Asia.

Three-Year History

For the decade preceding the acquisition of ILI and EC, ILI has offered year-round language training services, a variety of successful summer programs, club and social activities, and accommodation for students through vetted host families. Its curriculum is mapped to the standards of the Common European Framework of Reference (CEFR) that ensures students progress at internationally recognized rates and levels. Courses included General English, Academic English, Business English, and a variety of special-purpose topics. Summer programs incorporated cross-cultural training, leadership, teambuilding, personal development, and opened pathways to partnered secondary schools. Once Cloud Nine College (formerly, Anterior Education Systems Ltd.) acquired ILI and EC, it decided not to continue to offer the courses as it was not profitable, and instead leveraged its subsidiaries' biggest assets by building the Cloud 9 ESL Program.

On June 28, 2013, Cloud Nine College (formerly, Anterior Education Systems Ltd.) was incorporated under the *BCBCA* under incorporation number BC 0974119.

On September 27, 2014, Cloud Nine College, as purchaser, entered into the ILI/EC Acquisition Agreement to acquire 100% of the issued and outstanding shares of ILI and 100% of the issued and outstanding shares of EC from the former shareholders of ILI and EC, as vendor.

On September 30, 2014, Cloud Nine College completed the acquisition of 100% of the issued and outstanding shares of ILI and 100% of the issued and outstanding shares of EC pursuant to the ILI/EC Acquisition Agreement.

On December 3, 2014, BHR was incorporated under the *BCBCA* as BHR Capital Corp. under incorporation number BC 1020797. On the same day, BHR issued 500,000 founder shares at $0.005 per share for total proceeds of $2,500.

On December 16, 2014, BHR completed a private placement for 2,500,000 shares at $0.005 per share for total proceeds of $12,500.

On December 31, 2014, Cloud Nine College acquired all of the assets of CET Educational Travel Canada Limited ("**CET Vancouver**") pursuant to an asset purchase agreement dated December 19, 2014 for the purchase price of one dollar, assumption of certain indebtedness, and satisfaction of certain lease and vendor obligations.

In February 2015, the Company began organizing a trip to Chile and Brazil to present the Cloud 9 ESL Program for the purposes of licensing to various schools and institutions which collectively have an enrollment of approximately 1.25 million students.

On February 2, 2015, Cloud Nine College acquired all intellectual property of ILI and EC pursuant to, respectively, a Bill of Sale dated February 2, 2015 with ILI and a Bill of Sale dated February 2, 2015 with EC.

On February 6, 2015, BHR entered into the Share Exchange Agreement, as amended on March 11, 2015, and April 16, 2015, for the proposed acquisition of Cloud Nine College whereby Cloud Nine College would become a wholly owned subsidiary of BHR.

On February 10, 2015, BHR received a loan in the amount of $27,500 from a private lender for general working capital purposes.

On February 10 and 11, 2015, BHR advanced $75,000 as the first advance of four tranches of a loan from BHR to Cloud Nine College pursuant to the terms of the Letter Agreement.

On February 12, 2015, BHR issued 550,000 common shares pursuant to finder's fee agreements.

On February 12, 2015, BHR issued 100,000 common shares pursuant to a debt conversion agreement.

On February 12, 2015, BHR completed a private placement for 2,000,000 Shares at $0.02 per share for total proceeds of $40,000.

On February 24, 2015, BHR entered into a letter of intent with Cervantes and Carlos Cervantes setting out the mutual understandings regarding the Arrangement.

On February 25, 2015 BHR completed a private placement for 2,150,000 units at $0.05 per unit for total proceeds of $107,500. Each unit consisted of one common share of BHR and one half warrant exercisable to purchase one share at a price of $0.10 per share for 12 months.

On February 25, 2015, BHR advanced $75,000 as the second advance of four tranches of a loan from BHR to Cloud Nine College pursuant to the terms of the Letter Agreement.

On March 3, 2015, BHR advanced $35,000 as the third advance of four tranches of a loan from BHR to Cloud Nine College pursuant to the terms of the Letter Agreement.

On March 6, 2015, BHR completed a private placement for 1,250,000 units at $0.05 per unit for total proceeds of $62,500. Each unit consisted of one common share of BHR and one half warrant exercisable to purchase a share at a price of $0.10 per share for 12 months.

On March 11, 2015, BHR, Cloud Nine College, and the shareholders of Cloud Nine College amended the Share Exchange Agreement.

On March 13 and 18, 2015, BHR advanced $40,000 as the fourth and final advance of four tranches of a loan from BHR to Cloud Nine College pursuant to the terms of the Letter Agreement.

In April, 2015, the Company was approved by the British Council to open an IELTS test centre in Vancouver.

On April 14, 2015, the Company was incorporated under the *BCBCA* as Anterior Education Holdings Ltd. under incorporation number BC1033423.

On April 14, 2015, the Company entered into the Arrangement Agreement with BHR and Planco.

On April 15, 2015, BHR completed a private placement for 1,050,000 units at a price of $0.05 per unit for total proceeds of $52,500. Each unit consisted of one common share of BHR and one half warrant exercisable to purchase a share at a price of $0.10 per share for 12 months.

On April 16, 2015, BHR and Cloud Nine College amended the amended Share Exchange Agreement of March 11, 2015.

On April 17, 2015, BHR completed a private placement for 750,000 units at a price of $0.05 per unit for total proceeds of $37,500. Each unit consisted of one common share of BHR and one half warrant exercisable to purchase a share at a price of $0.10 per share for 12 months. The offering for this private placement was made to the investors before the signing of the Arrangement Agreement on April 14, 2015.

On April 22, 2015, BHR completed a private placement for 1,270,000 units at a price of $0.25 per unit for total proceeds of $317,500. Each unit consisted of one common share of BHR and one half warrant exercisable to purchase a share at a price of $0.50 per share for 24 months.

On April 22, 2015, BHR closed the share exchange transaction for the acquisition of Cloud Nine College in accordance with the terms of the Share Exchange Agreement whereby Cloud Nine College became a wholly-owned subsidiary of BHR.

On April 30, 2015, the Supreme Court of British Columbia granted the Final Order approving the Arrangement.

On May 1, 2015, BHR completed a private placement for 1,848,500 units at $0.25 per unit for total proceeds of $462,125. Each unit consisted of one common share of BHR and one half warrant exercisable to purchase a share at a price of $0.50 per share for 24 months.

In June 2015, a delegation of the Company traveled to Chile and Brazil to present the Cloud 9 ESL Program to prospective licensees.

In June 2015 the Company launched the latest version of its Cloud 9 ESL Program.

On June 3, 2015 the Company applied to the Canadian Intellectual Property Office for the wordmark "iliCLOUD *Curriculum*", as detailed further above, under application number 1731240.

On June 10, 2015, the Company completed the Arrangement with Planco and BHR.

In September 2015 the Company began a trial of the Cloud 9 ESL Program in Sao Paulo, Brazil through TLSL.

On October 1, 2015, the Company completed a private placement for 500,000 units at a price of $0.25 per unit for total proceeds of $125,000. Each unit consisted of one Share and one warrant exercisable to purchase one Share at a price of $0.50 per Share for 18 months. Concurrently with the closing of the private placement, the Company paid a finder's fee, $10,000 in cash and 40,000 brokers warrants exercisable to purchase one Share at a price of $0.50 per Share for 18 months.

On October 16, 2015, the Company completed a private placement for 100,000 units at a price of $0.25 per unit for total proceeds of $25,000. Each unit consisted of one Share and one warrant exercisable to purchase a Share at a price of $0.50 per Share for 18 months. Concurrently with the closing of the private placement, the Company paid a finder's fee, $2,000 in cash and 8,000 brokers warrants exercisable to purchase one Share at a price of $0.50 per Share for 18 months.

On October 23, 2015, the Company entered into the ILI Sale Agreement, pursuant to which the Company agreed to sell 100% of its interest ILI to an unrelated third party, which operated Cloud Nine College's Halifax ESL school, and completed the sale on the same day.

On November 18, 2015, the Company received formal accreditation from the Private Career Training Institutions Agency of British Columbia, which is the regulatory body for private career training institutions in the province.

On November 19, 2015, the Company completed a private placement for 1,000,000 units at a price of $0.25 per unit for total proceeds of $250,000. Each unit consisted of one Share and one warrant exercisable to purchase one Share at a price of $0.50 per Share for 18 months.

On November 23, 2015, the Company completed a private placement for 500,000 units at a price of $0.20 per unit for total proceeds of $100,000. Each unit consisted of one Share and one warrant exercisable to purchase one Share at a price of $0.40 per Share for 24 months.

On January 15, 2016, Anterior Educations Systems Ltd. changed its name to Cloud Nine College Ltd.

Total Funds Available, Breakdown of Funds and Principal Purposes for which Funds will be Used

As of December 31, 2015, the Company's most recent month end, the Company has approximately $191,000 in working capital. The Company anticipates raising a further $250,000 in February, 2016.

The Company's Vancouver school currently has approximately 45 students enrolled. Each student pays a monthly fee of $1,000 to cover the course and the Cloud 9 ESL Program, of which approximately 40% is paid to international agents as commissions for signing up students, resulting in net revenues of approximately $27,000 per month, which began in September 2015. In addition to these monthly revenues, the school offers shorter term ESL courses in January, February, June, July and August of 2016. During these months, the Company expects to generate additional net revenues of $600 per student of up to 65 additional students per month, which could increase the monthly revenues by up to $39,000 per month. Approximately 65 students have already signed up for courses in January and February of 2016. The Company has received 51 registrations for the short term Vancouver courses for the summer of 2016. Accordingly, the Company anticipates receiving $137,000 ($2,700 per summer camp student) in tuition fees for these registrations prior to summer as students are required to pay their tuition prior to course commencement. In addition to the revenues generated by the school, the Company hopes to begin generating revenues through adoption of the Cloud 9 ESL Program in international schools in the fourth quarter of 2016.

The Company's total monthly operating expenses are currently approximately $48,000 per month, which includes $30,000 for salaries, $11,000 for rent and $7,000 for general administrative expenses which include legal, accounting and supplies. The Company experienced a negative cash flow of approximately $20,000 per month in October, November, and December of 2015 and anticipates a negative cash flow in March, April, May, and September of 2016, during its second fiscal year ending September 30, 2016. Accordingly, the Company anticipates that it will have negative cash flow of approximately $105,000 over the next 12 months and it anticipates using its working capital towards financing this negative cash flow.

If the Company is unsuccessful in raising additional capital and generating revenue, the Company's management believes that it has sufficient working capital to operate for 12 months. In such event, the Company's management intends to reduce executive salaries by 25% and reduce development of the Cloud 9 ESL program.

The following table describes how the Company will spend its current working capital if it does not raise additional capital or generate revenues within 12 months:

Expense	$
Salaries (Cloud 9 ESL Program development)	65,000
Development of website for the Cloud 9 ESL Program online	10,000
Marketing & Business Development	11,000
General and Administrative (*Total: $75,000*)	
• Salaries and Benefits	50,000
• Office and Administration	10,000
• Filing and Exchange Fees	15,000
Accounting Fees	15,000
Legal Fees	15,000
TOTAL	**191,000**

Based on the Company's current working capital of $191,000, it plans to achieve the following milestones over the next 12 months, which it anticipates will bring it into revenues:

	Business Objective	Estimated Time Period	Allocation of Available Funds ($)
(i)	Operate the Company's current business, including its Vancouver ESL School and excluding development of the Cloud 9 ESL Program	12 months	105,000
(ii)	Secure licensing agreements for Cloud 9 ESL Program with various educational institutions in Mexico and Brazil with a target of 5,000 users	12 months	85,000

The Company plans to use any excess capital raised for general working capital purposes that is not allocated to the above objectives.

The Company could receive additional capital through the exercise of some of its 6,556,730 outstanding warrants if its share price after listing on the Exchange is higher than the exercise price of the warrants. 2,600,000 of the outstanding warrants have an exercise price of $0.10 per share, 3,456,730 have an exercise price of $0.50 per share, and 500,000 have an exercise price of $0.40. The maximum amount the Company will receive if all warrants are exercised is $2,188,365. However, it is uncertain whether any warrants will be exercised and if so, when they will be exercised.

The Company further anticipates that it could receive capital through the exercise of some of its 1,015,000 outstanding options if its share price after listing on the Exchange is higher than the exercise price of the options. All outstanding options have an exercise price of $0.10 per share. The maximum amount the Company will receive if all options are exercised is $101,500. However, it is uncertain whether any options will be exercised and if so, when they will be exercised.

The Company intends to raise between $1,500,000 and $2,500,000 after its Common Shares have been listed for trading on the Exchange. If the Company is successful in raising these funds either pursuant to the exercise of warrants, one or more private placements, or the generation of revenues, then the Company plans to expand its business by achieving the following milestones:

	Business Objective	Estimated Time Period	Allocation of Available Funds ($)
(i)	Operate the Company's current business, including its Vancouver ESL School and excluding development of the Cloud 9 ESL Program	12 months	105,000
(ii)	Secure licensing agreements for Cloud 9 ESL Program with various educational institutions in Mexico and Brazil with a target of 10,000 users	9 months	170,000
(iii)	Acquire a second ESL school		1,500,000

DIVIDENDS OR DISTRIBUTIONS

The Company has not paid dividends since its incorporation. While there are no restrictions in the Company's articles or pursuant to any agreement or understanding which could prevent the Company from paying dividends or distributions, the Company has limited cash flow and anticipates using all available cash resources to fund working capital and grow its business. As such, there are no plans to pay dividends in the foreseeable future. Any decisions to pay dividends in cash or otherwise in the future will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions existing at the time a determination is made.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's MD&A for the financial year ended September 30, 2015 is attached to this Prospectus as Schedule B and should be read in conjunction with the Financial Statements and the disclosure contained in this Prospectus. The discussions of results are as of the dates stated in the applicable MD&A.

The Financial Statements and the financial data derived therefrom and included in this Prospectus have been prepared in accordance with IFRS.

CONSOLIDATED CAPITALIZATION

The following tables provide information about capitalization as of the date of this Prospectus:

Description of security	Number authorized to be issued	Outstanding shares of the date of this Prospectus
Common Shares without par value	No maximum	29,309,210(1)

(1) Does not include Shares reserved for issuance pursuant to outstanding warrants or options.

OPTIONS TO PURCHASE SECURITIES

The Board of Directors has adopted a stock option plan (the "**Stock Option Plan**") whereby a maximum of 10% of the issued and outstanding Shares, from time to time, may be reserved for issuance pursuant to the exercise of options. Under the terms of the Stock Option Plan, options may be granted only to: (i) employees, officers, directors, and consultants of the Company; (ii) employees, officers, directors, and consultants of an affiliate of the Company; and (iii) any other person deemed suitable by the Board of Directors to receive options to purchase Shares.

The exercise price of any option when exercised may not be less than the greater of the closing market price of the Shares on: (a) the last trading day immediately preceding the date of grant of the option; and (b) the date of grant of the option; provided however, that if the Shares are not listed on any securities exchange, the exercise price may not be less than the fair market value of the Shares as may be determined by the Board of Directors on the day immediately preceding the date of the grant of such option.

The options are non-assignable and non-transferable. Options granted under the Stock Option Plan have a maximum term of five years and can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Stock Option Plan or within 90 days (or as otherwise determined by the Board of Directors) after ceasing to be an eligible optionee, or, if the optionee dies, within one year from the date of the optionee's death.

Subject to shareholder approval in certain circumstances, the Board of Directors may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time.

DESCRIPTION OF THE SECURITIES

Common Shares

The Company's authorized capital is an unlimited number of common shares without par value, of which 29,309,210 are issued and outstanding as at the date of this Prospectus. Holders of the Shares are entitled to vote at all meetings of the holders of common shares of the Company and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Shares, to participate rateably in any distribution of the Company's property or assets upon liquidation or wind-up.

Warrants

The following table summarizes the common share purchase warrants outstanding in the Company's authorized capital as of the date of this Prospectus:

Date of Issuance	Number of Warrants	Exercise Price (CDN$)	Expiry Date
February 25, 2015	1,075,000(1)	$0.10	February 25, 2016
March 6, 2015	625,000(1)	$0.10	March 6, 2016
April 15, 2015	525,000(1)	$0.10	April 15, 2016
April 17, 2015	375,000(1)	$0.10	April 17, 2016
April 22, 2015	736,600(1)	$0.50	April 22, 2017
May 1, 2015	1,072,130(1)	$0.50	May 1, 2017
October 1, 2015	540,000(2)(3)	$0.50	April 1, 2017
October 16, 2015	108,000(2)(4)	$0.50	April 16, 2017
November 19, 2015	1,000,000(1)	$0.50	May 19, 2017
November 23, 2015	500,000(2)	$0.40	November 23, 2017
TOTAL	**6,556,730**		

(1) Each warrant entitles the holder to purchase one half of one Share.
(2) Each warrant entitles the holder to purchase one whole Share.
(3) Includes 40,000 warrants issued to a finder pursuant to a private placement.
(4) Includes 8,000 warrants issued to a finder pursuant to a private placement.

Options

As of the date of this Prospectus, there are 1,015,000 outstanding options to purchase Shares.

The following table summarizes the allocation of the options granted by the Company from April 22, 2015 (date of adoption of Stock Option Plan) to the date of this Prospectus:

Optionee	Number of Options	Exercise Price (CDN$)	Expiry Date
Director & Officer	400,000[(1)]	$0.10	April 22, 2020
Director only	150,000[(1)]	$0.10	April 22, 2020
Officers only	175,000[(1)]	$0.10	April 22, 2020
Employees	165,000[(1)]	$0.10	April 22, 2020
Consultants	125,000[(1)]	$0.10	April 22, 2020

(1) These options vest immediately.

PRIOR SALES

The Company has completed the Arrangement with Planco, a reporting issuer in British Columbia and Alberta, and BHR. Pursuant to the Arrangement, the corporate structure of the Company was reorganized: BHR became the Company's wholly-owned subsidiary, and the former shareholders of BHR exchanged all of their shareholdings therein for the Company's Shares.

The table below sets out the prior sales of common shares in the authorized capital of the Company's wholly owned subsidiary, BHR, from its date of incorporation on December 3, 2014 to the date of this Prospectus, and the Company, from date of incorporation on April 14, 2015 to the date of this Prospectus, including the shares issued under the Arrangement which closed on June 10, 2015:

Issuer	Date of issuance	Type of security issued	Number of securities issued	Price per security ($)	Value received ($)	Type of transaction
BHR	December 3, 2014[(1)]	Common Shares[(6)]	500,000	0.005	2,500	Cash
BHR	December 16, 2014[(1)]	Common Shares[(6)]	2,500,000	0.005	12,500	Cash
BHR	February 12, 2015[(1)]	Common Shares[(6)]	2,000,000	0.02	40,000	Cash
BHR	February 12, 2015[(6)]	Common Shares	650,000	0.02	13,000	Debt Conversion & Finder's Fees
BHR	February 25, 2015[(6)]	Units[(1)(2)]	2,150,000	0.05	107,500	Cash
BHR	March 6, 2015[(6)]	Units[(1)(2)]	1,250,000	0.05	62,500	Cash
BHR	April 15, 2015[(6)]	Units[(1)(2)]	1,050,000	0.05	52,500	Cash
BHR	April 17, 2015[(6)]	Units[(1)(2)]	750,000	0.05	37,500	Cash
BHR	April 22, 2015	Common Shares	12,844,110	0.10	1,284,411	Share Exchange Agreement
BHR	April 22, 2015[(6)]	Units[(1)(3)]	1,270,000	0.25	317,500	Cash
BHR	May 1, 2015[(6)]	Units[(1)(3)]	1,848,500	0.25	462,125	Cash
Company	June 10, 2015	Common Shares	396,600	n/a	n/a	Arrangement Agreement
Company	October 1, 2015	Units[(4)]	500,000	0.25	125,000	Cash

Issuer	Date of issuance	Type of security issued	Number of securities issued	Price per security ($)	Value received ($)	Type of transaction
Company	October 15, 2015(1)	Units(4)	100,000	0.25	25,000	Cash
Company	November 19, 2015(1)	Units(4)	1,000,000	0.25	250,000	Cash
Company	November 23, 2015(1)	Units(5)	500,000	0.20	100,000	Cash

(1) Issued pursuant to private placements.
(2) Each unit consists of one common share of BHR and a half warrant to purchase a common share at a purchase price of $0.10 per common share for a period of 12 months.
(3) Each unit consists of one common share of BHR and a half warrant to purchase a common share at a purchase price of $0.50 per common share for a period of 24 months.
(4) Each unit consists of one common share of BHR and a warrant to purchase a common share at a purchase price of $0.50 per common share for a period of 18 months.
(5) Due to a clerical error, these units were subscribed for in August 2015, but issued on November 23, 2015. Each unit consists of one common share and a warrant to purchase a common share at a purchase price of $0.40 per common share for a period of 24 months.
(6) Common shares of BHR and warrants for shares in BHR, as applicable, were exchanged for Shares and warrants to purchase Shares on closing of the Arrangement on the same terms on June 10, 2015.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Escrowed Securities

The Company anticipates that it will be classified as an "emerging issuer", as defined under NP 46-201, at the time its Shares are listed on the Exchange. Each of Michael Hunter, Dalton Larson, Peter Lee, Brian Gusko, and Marilyn Wong (collectively, the "**Escrow Holders**") fall within the definition of "principal" of an emerging issuer under NP 46-201. In accordance with applicable securities rules, each of the Escrow Holders has executed an escrow agreement with the Company and Trustco made as of January 21, 2016 substantially in the form attached as an Appendix to NP 46-201 (Form 46-201F1) (the "**Escrow Agreement**"). The Escrow Agreement will be filed on SEDAR prior to issuance of a final receipt for this Prospectus.

Pursuant to the terms of the Escrow Agreement, each of the Escrow Holders has agreed that until such Escrow Holder sells all of the Shares that are the subject of the Escrow Agreement or three years from the date on which the Shares are listed for trading on the Exchange, whichever is earlier, such Escrow Holder will not transfer or otherwise dispose of such Escrow Holder's Shares during the term of the Escrow Agreement, except that, the following automatic timed releases will apply to such Shares:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/10 of the escrowed securities held
6 months after the Listing Date	1/6 of the remaining escrowed securities
12 months after the Listing Date	1/5 of the remaining escrowed securities
18 months after the Listing Date	1/4 of the remaining escrowed securities
24 months after the Listing Date	1/3 of the remaining escrowed securities
30 months after the Listing Date	1/2 of the remaining escrowed securities
36 months after the Listing Date	The remaining escrowed securities

Assuming there are no changes to the escrowed securities initially deposited and no additional escrowed securities are deposited, the automatic timed release escrow applicable to the Company will result in a 10%

release on the Listing Date, with the remaining escrowed securities being released in 15% tranches every six months thereafter.

The following table sets out information on the number of Shares subject to the terms of the Escrow Agreement among the Company, Trustco, and each of the Escrow Holders:

Name of Escrow Holder	Number of Escrowed Securities	Percentage of Class(1)
Michael Hunter(4)(9)	7,000,360(2)	24%(3)
Dalton Larson(5)(9)	2,293,750(2)	8%(3)
Peter Lee(6)	1,000,000(2)	3%(3)
Brian Gusko(7)(9)	685,000(2)	0.2%(3)
Marilyn Wong(8)	250,000(2)	1%(3)

(1) Based on 29,309,210 issued and outstanding Shares.
(2) Escrowed shares deposited with Trustco.
(3) All percentages are rounded to the nearest whole number.
(4) Michael Hunter is the President, CEO, and a director of the Company.
(5) Dalton Larson is a director of the Company.
(6) Peter Lee is the CFO of the Company.
(7) Brian Gusko is a director of the Company.
(8) Marilyn Wong is the Corporate Secretary of the Company.
(9) Member of Audit Committee.

Particulars of the Escrow Agreement

The complete text of the Escrow Agreement is available for inspection during regular business hours at the office located at Suite 1820, 925 West Georgia Street, Vancouver, BC V6C 3L2. The Company has also filed a copy of the Escrow Agreement under its profile on SEDAR.

Securities Subject to Contractual Restriction

The Company has entered into stock restriction agreements dated effective May 25, 2015 (each, a "**Stock Restriction Agreement**") with Thomas Musial, Raissa Musial, Christopher Musial, Cindy Kim, Drew Lawrenson, and Theodora Musial (collectively "**Group A**") has entered into stock restriction agreements dated effective June 5, 2015 (each, a "**Stock Restriction Agreement**") with Alissa Levy, Mosam Ventures Inc., Riva Dubrofsky, Stacey Nguyen, Hani El Rayess, and Simon Griffiths (collectively "**Group B**").

All of the named persons in Group A have agreed that until they either sell all of the Shares that are the subject of the applicable agreement or three years from the date on which the Shares are listed for trading on the Exchange, whichever is earlier, they will not transfer or otherwise dispose of their Shares, without the Company's prior written consent, during the term of the applicable agreement, except that the following automatic timed releases will apply to such Shares:

Date of Automatic Timed Release	Amount of Restricted Shares Released
On the Listing Date	1/10 of the Shares
6 months after the Listing Date	1/6 of the remainder of the Shares
12 months after the Listing Date	1/5 of the remainder of the Shares
18 months after the Listing Date	1/4 of the remainder of the Shares
24 months after the Listing Date	1/3 of the remainder of the Shares
30 months after the Listing Date	1/2 of the remainder of the Shares
36 months after the Listing Date	The remainder of the Shares

All of the named persons in Group B have agreed that until they either sell all of the Shares that are the subject of the applicable agreement or three years from the date on which the Shares are listed for trading on the Exchange, whichever is earlier, they will not transfer or otherwise dispose of their Shares, without the Company's prior written consent, during the term of the applicable agreement, except that the following automatic timed releases will apply to such Shares:

Date of Automatic Timed Release	Amount of Restricted Shares Released
On the Listing Date	1/4 of the Shares
6 months after the Listing Date	1/4 of the remainder of the Shares
12 months after the Listing Date	1/4 of the remainder of the Shares
18 months after the Listing Date	The remainder of the Shares

The above stock restrictions for both Group A and Group B will not apply to a transfer of the applicable Shares:

(a) to any of the Company's directors, officers, employees or consultants;
(b) to the Company pursuant to a redemption initiated by us;
(c) during the shareholder's lifetime or on the shareholder's death by will or intestacy to the shareholder's beneficiaries or a trust for the benefit of the shareholder's beneficiaries (for purposes of this Stock Restriction Agreement, "beneficiary" means the shareholder and the immediate family of the shareholder, including any relation by blood, marriage or adoption and no more remote than a first cousin); or
(d) if the shareholder is an entity, a transfer made as a distribution solely to a member, partner, or stockholder of such Shareholder,

so long as the transferee executes a joinder to the Stock Restriction Agreement and any other agreements reasonably required by the Company, pursuant to which such transferee(s) agree to be bound by the terms and conditions of the Stock Restriction Agreement.

The following table sets out information on the number of Shares held by each holder that are subject to the terms of a Stock Restriction Agreement:

Name of Holder	Number of Shares	Percentage of Class[1]
Thomas Musial	625,000	2.1%
Raissa Musial	375,000	1.3%
Chris Musial	375,000	1.3%
Shinhee Kim	200,000	0.7%
Theodora Musial	625,000	2.1%

Name of Holder	Number of Shares	Percentage of Class[(1)]
Drew Lawrenson	100,000	0.3%
Riva Dubrofsky	450,000	1.5%
Alissa Levy	450,000	1.5%
Mosam Ventures Inc.	600,000	2.0%
Stacey Nguyen	250,000	0.9%
Hani John El Rayess	375,000	1.3%
Simon Griffiths	375,000	1.3%
Total	**4,800,000**	**16.38%**

(1) Based on 29,309,210 issued and outstanding Shares.

PRINCIPAL SHAREHOLDERS

To the knowledge of the Company's directors and officers, the only persons who beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any the Shares are as follows:

Name	Position or Office held with the Company	Common Shares Beneficially Owned or Controlled	Number of Convertible or Exchangeable Securities Outstanding	Percentage of Ownership on an Undiluted Basis[(2)]	Percentage of Ownership on a Fully-diluted Basis[(3)]
Michael Hunter British Columbia, Canada	President, CEO, Director	7,000,360	400,000[(1)]	24%	20%

(1) Options to purchase Shares at an exercise price of $0.10, expiring on April 22, 2020.
(2) Based on 29,309,210 issued and outstanding Shares.
(3) Based on 36,880,940 issued and outstanding Shares, assuming exercise of all outstanding warrants and options.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation, and Security Holdings

The following table sets out the name; province and country of residence; position or offices held with the Company; date appointed; number and percentage of voting securities of the Company that each of the directors and executive officers beneficially owns directly or indirectly, or exercises control over as at the date of this Prospectus and the occupations held during the past five years:

Name, Current Position, and Province and Country of Residence	Position Held Since[(1)]	Common Shares Beneficially Owned or Controlled[(3)]	Number of Convertible or Exchangeable Securities Outstanding	Total Ownership after on an Undiluted Basis	Total Ownership after on a Fully-diluted Basis
Michael Hunter[(2)] President, CEO Vancouver, BC Canada	April 30, 2015	7,000,360 (24%[(4)])	400,000[(5)]	7,000,360	7,400,360 (20%[(5)])
Dalton Larson[(2)] Director	April 30, 2015	2,293,750 (8%[(4)])	150,000[(5)]	2,293,750	2,443,750 (7%[(5)])

Name, Current Position, and Province and Country of Residence	Position Held Since(1)	Common Shares Beneficially Owned or Controlled(3)	Number of Convertible or Exchangeable Securities Outstanding	Total Ownership after on an Undiluted Basis	Total Ownership after on a Fully-diluted Basis
Surrey, BC Canada					
Brian Gusko(2) Director Vancouver BC Canada	August 31, 2015	685,000 (2%(4))	Nil	685,000	685,000 (2%(5))
Kulwant Sandher Director Coquitlam BC Canada	December 9, 2015	Nil	Nil	Nil	Nil
Peter Lee CFO Vancouver, BC Canada	April 30, 2015	1,000,000 (3%(4))	100,000(6)	1,000,000	1,100,000 (3%(5))
Marilyn Wong Corporate Secretary Burnaby, BC Canada	April 30, 2015	250,000 (0.9%(4))	75,000(6)	250,000	325,000 (1%(5))

(1) Term of office expires upon holding the first annual meeting of shareholders.
(2) Member of the audit committee.
(3) Beneficially owned and controlled.
(4) Based on 29,309,210 issued and outstanding Shares.
(5) Based on 36,880,940 issued and outstanding Shares, assuming exercise of all outstanding warrants and options.
(6) Represent options to purchase Shares at an exercise price of $0.10 per Share for a period of five years pursuant to the Stock Option Plan.
(7) Represent warrants to purchase Shares at an exercise price of $0.10 per Share for a period of 12 months.

Management – Directors and Officers of the Company

Below is a brief description of each of the directors and executive officers of the Company including: names; ages; positions and responsibilities; relevant educational background; principal occupations or employment during the five years preceding the date of this Prospectus; and relevant experience in the education industry.

Michael Hunter - President, CEO, Director

Michael Hunter, 56, has a B.A. with specialization from the University of Alberta and a B. Ed. (candidate) from Simon Fraser University along with a broad range of teaching experience including ESL. Mr. Hunter has gained extensive corporate development expertise having worked in an executive management capacity for the past 11 years serving on boards of directors for both private and publically listed companies on the TSX, the NYSE and the Frankfurt exchange(s). He has played a direct or leading role in raising more than $100 m in public and private equity having provided investors significant liquidity events in his last two companies before selling them for a combined total of more than $200 million.

Mr. Hunter was the President and CEO of Cardero Coal Ltd. (a subsidiary of Cardero Resource Corp; TSX:CDU) from May 2010 to March 2013 at which time, he founded the Company. In his Capacity as a director, President and CEO, Mr. Hunter is responsible for corporate development related to asset acquisition and corporate financing. As well, he manages the senior staff related day-to-day operations, and provides oversight of the development of the Cloud 9 ESL Program, sales, student recruitment and human resources.

Michael Hunter intends to dedicate 100% of his professional time to the affairs of the Company. Mr. Hunter acts as a member of the Company’s audit committee.

Dalton Larson - Director

Dalton Larson, 74, holds a Master's Degree in Law from the University of London, England and specializes in corporate governance and compliance. In his early career, he was a fulltime member of the Faculty of Law at the University of British Columbia teaching a range of commercial courses including company law. He is a former partner of McMillan LLP, a major Vancouver law firm, and currently maintains a private practice as an expert in alternate dispute resolution including arbitration and mediation. As well, Mr. Larson carries on a successful investment business.

Mr. Larson has considerable business and finance experience including serving for more than 25 years as a director of several investment funds managed by the CW Funds group of companies affiliated with Ventures West Management Inc., which at the time, was one of the largest venture capital firms in Canada. During this time, Mr. Larson participated in the investment and management of some $130 million in venture capital funds. As well, Mr. Larson served as Chairman of the board of directors of a Philippines' ethanol company and was a founding shareholder and first Chairman of the board of directors of First Coal Corporation which started operations in 2004 and raised in excess of $65 million in equity to finance its development activities. First Coal Corporation was sold to Xstrata in 2011 for in excess of $150 million.

Mr. Larson is currently a member of the board of directors of Energizer Resources Inc. (TSE: EGZ), a publically traded mineral exploration and mining company that is developing it's 100% owned flagship Molo Graphite Project in southern Madagascar. He is also Chairman of the board of directors and Chair of the Audit Committee of Cloud Nine College and most recently was appointed a member of the board of directors of SmartCool Systems Inc. (CVE: SSC), which provides cutting edge energy efficient and energy cost reduction solutions for businesses around the world.

Dalton Larson intends to dedicate 10% of his professional time to the affairs of the Company. Mr. Larson acts as a member of the Company's audit committee.

Brian Gusko - Director

Brian Gusko, 49, has a B.A. from Carleton University and an MBA from the Haskayne School of Business at the University of Calgary. He also completed the Canadian Securities Course (CSC). Mr. Gusko has gained extensive international business experience, having worked in corporate development, finance, planning and marketing functions in South Africa, Holland, Japan, and Mexico. More recently, he has been active in the public markets. He has played in a leading role in helping to raise more than $25 MM in public and private equity.

Mr. Gusko was the CFO of UC Resources Ltd., and most recently became the CFO of Vodis Pharmaceuticals (CSE:RZX) on July 1, 2015 when it started trading after a successful Reverse Take Over. Mr. Gusko also sits on the board of directors of Lomiko Metals. (TSX-V: LMR) and Arco Resources Corp. (TSX-V:ARR) and has further been on the audit committee of four public companies.

Brian Gusko is a Partner at Howe & Bay Financial Corporation, a leading Canadian Capital Markets advisory firm and intends to dedicate 10% of his professional time to the affairs of the Company. Mr. Gusko acts as a member of and is the Chair of the Company's audit committee.

Kulwant Sandher - Director

Kulwant Sandher, 54, is a Chartered Accountant with over 20 years of experience in business and finance. Mr. Sandher graduated from Queen Mary, University of London (formerly known as Queen Mary College) in 1986 with a Bachelor of Science degree (Eng) in Avionics. Mr. Sandher became a Chartered Accountant in England in 1990 and received his Chartered Professional Accountant designation in Canada in 1997.

Mr. Sandher has considerable private and public company experience. He served as CFO of MineSense Technologies Inc. from August 2013 until July 2015. Mr. Sandher has also served as CFO of several publicly listed companies, including: Hillcrest Petroleum (TSX-V), Millrock Resources Inc. (TSX-V) and St. Elias Mines (TSX-V). Currently, Mr. Sandher serves as President of Hurricane Corporate Services Ltd. and as

CFO of Intigold Mines Ltd. (TSX-V). Furthermore, Mr. Sandher has served as a director and CFO of Delta Oil and Gas Inc. since 2007.

Mr. Sandher intends to dedicate 40% of his professional time to the affairs of the Company.

Peter Lee - CFO

Peter Lee, 41, is a Chartered Accountant with more than 15 years of experience in both public practice and industry experience with specific expertise in financial reporting, accounting and corporate finance. He has involved with diverse business start-ups and has experience with day-to-day management as well operations. He earned his B.Sc. (double major in Biochemistry and Chemistry) and Diploma in Accounting at UBC and obtained his Chartered Accountant designation while articling at PricewaterHouse, Vancouver in 2005.

Mr. Lee is currently a member of the board of directors and is the CFO of Atoro Capital Corp. (a TSX-V: TTO.H) and has been active with the Company since its incorporation.

Mr. Lee intends to dedicate 100% of his professional time to the affairs of the Company.

Marilyn Wong – Corporate Secretary

Ms. Wong, 54, has over 28 years' experience in the corporate securities industry including private and public company management, corporate governance and regulatory filing for TSX and TSX –V listed companies. Ms. Wong was a securities paralegal with Smith Lyons Torrance Stevenson and Mayer, Vancouver, and its predecessor law firms having garnered experience in preparing securities regulatory documents. Ms. Wong has held the office of Corporate Secretary with various TSX and TSX-V listed companies including Cardero Coal Ltd. (a subsidiary of Cardero Resource Corp; TSX:CDU) from July 2010 to June 2013. Ms. Wong has been the Corporate Secretary of Cloud Nine College since December 2013.

Ms. Wong intends to dedicate 20% of her professional time to the affairs of the Company.

Term of Office of Directors

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the executive officers expires at the discretion of the Board of Directors.

Aggregate Ownership of Securities

As at the date of this Prospectus, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercise control 11,479,110 Shares collectively representing 39% of the 29,309,210 issued and outstanding Shares.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises, any director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board of Directors.

To the best of the Company's knowledge, and other than as disclosed in this Prospectus, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the Company's knowledge and other than as disclosed herein, no existing or proposed director or executive officer of the Company is, as at the date of this Prospectus, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Company, that:

(i) was subject to an order that was issued while the director or executive officer was acting in the capacity of a director, the chief executive officer or the chief financial officer thereof; or

(ii) was subject to an order that was issued after the director or executive officer ceased to be a director, the chief executive officer or the chief financial officer thereof and which resulted from an event that occurred while that person was acting in such capacity.

Brian Gusko was in a management position as an assistant to the President of UC Resources Ltd. A cease trade order was issued on November 2, 2006 for failing to file financial statements. UC Resources subsequently filed the required financials and the cease trade order was revoked on November 16, 2006.

In September, 2015, Brian Gusko joined the board of directors of First Choice Products Inc. (CSE:FCI) ("FCI") and stepped in as interim CFO after FCI had already been halted for over one year due to failure to file audited financials. Mr. Gusko's joining of the board of directors and acting as interim CFO of FCI when the company was already cease traded was part of an initiative to conduct due diligence, have control of the finances, and seek refinancing options for FCI. After two months of Mr. Gusko being on the board of directors and as CFO, it was decided that refinancing of FCI would be challenging. Mr. Gusko subsequently stepped down from FCI's board of directors and resigned as CFO in November, 2015.

Bankruptcies

To the Company's knowledge and other than as disclosed herein, no existing or proposed director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(i) is, as at the date of this Prospectus, or has been within the 10 years before the date hereof, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except Marilyn Wong as detailed below; or

(ii) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

On March 4, 2009, Redcorp Ventures Ltd. ("**Redcorp**"), formerly a TSX listed company, while Marilyn Wong held the position of corporate secretary of Redcorp, filed for protection under the CCAA on March 4, 2009 and on May 20, 2009, Redcorp was assigned into bankruptcy. Ms. Wong ceased to be an officer of Redcorp by June of 2009.

Penalties or Sanctions

To the Company's knowledge and other than as disclosed herein, no existing or proposed director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(i) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement with a provincial and territorial securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Enforcement of Judgments against Foreign Persons or Companies

None of the directors and officers of the Company reside outside of Canada.

EXECUTIVE COMPENSATION

This section is categorized in accordance with Form 51-102F6, as a Statement of Executive Compensation.

This disclosure is intended to communicate the compensation provided to the Company's CEO and President, CFO, Corporate Secretary and directors from the period of incorporation on April 14, 2015 to the date of this Prospectus. Compensation to be paid to the Company's officers and directors will be determined by the Board of Directors once operations have been established in accordance with management consulting agreements that the Company plans to enter into with its officers and directors.

Compensation Discussion and Analysis

The Company is in the development stage and has an informal compensation program and strategy. The management team is committed to developing the operations of the Company and will establish a formal compensation program once it begins generating revenues sufficient to sustain operations.

The Board of Directors is responsible for determining, by way of discussions at board meetings, the compensation to be paid to the executive officers of the Company. The Company does not have a formal compensation program with set benchmarks; however, the performance of each executive is considered along with the Company's ability to pay compensation and its results of operation for the period.

The Company relies solely on its Board of Directors to determine the executive compensation that is to be paid to NEOs without any formal objectives, criteria, or analysis.

The following table sets out information regarding compensation paid to or awarded to the NEOs for the last two fiscal years, including NEOs for the Company and its subsidiaries, Cloud Nine College, BHR and EC, and its former subsidiary, ILI:

Table of compensation excluding compensation securities

Name and position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of Perquisites ($)	Value of all other compensation ($)	Total compensation ($)
Michael Hunter[1] CEO, President & Director	2014	-	-	-	-	-	-
	2015	108,300	-	-	-	-	108,300
Peter Lee[(2)(6)] CFO	2014	-	-	-	-	-	-
	2015	78,750	-	-	-	-	78,750

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of Perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Brian Gusko[3] Director	2014 2015	- -	- -	- -	- -	- -	- -
Dalton Larson[4] Director	2014 2015	- -	- -	- -	- -	- -	- -
Kulwant Sandher[5] Director	2014 2015	- -	- -	- -	- -	- -	- -

(1) CEO, President and Director of the Company, Cloud Nine College, BHR and EC; former CEO and Director of ILI.
(2) CFO of the Company.
(3) Director of the Company and BHR.
(4) Director of the Company, Cloud Nine College and BHR.
(5) Director of the Company.
(6) Mr. Lee was paid a management fee of $2,000 per month for consulting services provided from January to August, 2014, which fee was paid to his wholly-owned company, Kowest Consulting Ltd.

Compensation Securities							
Name and position	**Type of compensation security**[7][8]	**Number of compensation securities, number of underlying securities, and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry date**
Michael Hunter[1] CEO, President & Director	Options	400,000 (1%[7])	April 22, 2015	$0.10	-	-	April 22, 2020
Peter Lee[2] CFO	Options	100,000 (0.3%[7])	April 22, 2015	$0.10	-	-	April 22, 2020
Brian Gusko[3] Director	-	-	-	-	-	-	-
Dalton Larson[4] Director	Options	150,000 (0.4%[7])	April 22, 2015	$0.10	-	-	April 22, 2020
Kulwant Sandher[5] Director	-	-	-	-	-	-	-

(1) CEO, President and Director of the Company, BHR, EC and Cloud Nine College; former CEO and Director of ILI.
(2) CFO of the Company.
(3) Director of the Company and BHR.
(4) Director of the Company, Cloud Nine College and BHR.
(5) Director of the Company.
(7) Based on 36,880,940 issued and outstanding Shares, assuming exercise of all outstanding warrants and options.
(8) The Company uses the Black-Scholes option pricing model to value stock options which requires management to make estimates that are subjective and may not be representative of actual results. Any changes in assumptions can materially affect estimates of fair values.

Elements of Executive Compensation

Other than as disclosed in this Prospectus, the NEOs intend to donate their services until the Company begins generating revenue. Any salary paid to the NEOs will be dependent upon the Company's finances

Narrative Discussion

Compensation agreements the Company or any of its wholly-owned subsidiaries has entered into with NEOs are summarized as follows:

Marilyn Wong

Marilyn Wong was appointed Corporate Secretary of the Company on April 30, 2015. Ms. Wong's remuneration is billed to the Company at a fee of $100.00 per hour. On April 22, 2015, she was granted 75,000 options in the Company exercisable at $0.10 until April 22, 2020.

Incentive Plan Awards

The Company currently has the Stock Option Plan in place for the purposes of attracting and motivating directors, officers, employees, and consultants of the Company and advancing the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Stock Option Plan. Any grant of options under the Stock Option Plan is within the discretion of the Board of Directors, subject to the condition that the maximum number of Shares which may be reserved for issuance under the Stock Option Plan may not exceed 10% of the Company's issued and outstanding Shares.

Pension Plan Benefits

The Company does not currently provide any pension plan benefits for executive officers, directors, or employees.

Termination and Change of Control Benefits

There are no compensatory plans or arrangements with respect to the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of NEOs' responsibilities following a Change of Control. The Company has not granted any termination or change of control benefits. In case of termination of NEOs, common law and statutory law applies.

There are no other arrangements from those disclosed above under which directors were compensated by the Company to the date of this Prospectus.

DIRECTOR COMPENSATION

Other than compensation paid to the NEOs, no compensation was paid to the Company's directors in their capacity as directors of the Company, in their capacity as members of a committee of the Board of Directors or as consultants or experts, during the Company's most recently completed financial year.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Company, or any associate or affiliate of such person is or has ever been indebted to the Company; nor has any such person's indebtedness to any other entity been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company.

AUDIT COMMITTEES AND CORPORATE GOVERNANCE

Audit Committee

The Company is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. The members of the Company's audit committee are Brian Gusko (Chair), Michael Hunter, and Dalton Larson. The audit committee is responsible for overseeing the Company's financial reporting process on behalf of the Board of Directors, including overseeing the work of the independent auditors who report directly to the audit committee.

The specific responsibilities of the audit committee, among others, include:

(i) evaluating the performance and assessing the qualifications of the independent directors and recommending to the Board of Directors and the shareholders the appointment of the Company's external auditor;

(ii) determining and approving the engagement of and compensation for audit and non-audit services of the Company's external auditor;

(iii) reviewing the Company's financial statements and management's discussion and analysis of financial condition and results of operations and recommending to the Board of Directors whether or not such financial statements and management's discussion and analysis of financial condition and results of operations should be approved by the Board of Directors;

(iv) conferring with the Company's external auditor and with management regarding the scope, adequacy and effectiveness of internal financial reporting controls;

(v) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding its accounting controls, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting and auditing matters; and

(vi) reviewing and discussing with management and the independent auditor, as appropriate, the Company's guidelines and policies with respect to risk assessment and risk management, including major financial risk exposure and investment and hedging policies and the steps taken by management to monitor and control the Company's exposure to such risks.

Audit Committee Charter

The Audit Committee Charter is attached to this Prospectus as Schedule F.

Composition of Audit Committee and Independence

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with a company, which could, in the view of that company's board of directors, reasonably interfere with the exercise of the member's independent judgment. A majority of the members of the Company's audit committee do not meet the definition of "independence" provided in NI 52-110.

A "venture issuer" as defined in NI 52-110 means an issuer that, at the end of its most recently completed financial year, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

Section 6.1 of NI 52-110 provides an exemption related to Parts 3 (*Composition of Audit Committee*) for venture issuers. The Company meets the venture issuer definition and will therefore be in compliance with the audit committee requirements, notwithstanding its lack of independent directors.

Relevant Education and Experience

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. All of the members of the Company's audit committee are financially literate.

Michael Hunter

Mr. Hunter has extensive business and finance experience having worked in executive management positions for the past 11 years serving on boards of directors for both private and publically listed companies on the TSX, the NYSE and the Frankfurt exchange(s). In such capacity, he has played a direct or leading role in raising more than $100 m in public and private equity having provided investors significant liquidity events in his last two companies before selling them for a combined total of more than $200 million.

Dalton Larson

Mr. Larson has considerable business and finance experience including serving for more than 25 years as a director of several investment funds managed by the CW Funds group of companies affiliated with Ventures West Management Inc., which at the time, was one of the largest venture capital firms in Canada. During this time, Mr. Larson participated in the investment and management of some $130 million in venture capital funds. As well, Mr. Larson served as Chairman of the board of directors of a Philippines' ethanol company and was a founding shareholder and first Chairman of the board of directors of First Coal Corporation which started operations in 2004 and raised in excess of $65 million in equity to finance its development activities. First Coal Corporation was sold to Xstrata Ltd. in 2011 for in excess of $150 million.

Brian Gusko

Brian Gusko brings with him significant resource, technology and international business experience. He has a B.A. from Carleton University and an MBA from the Haskayne School of Business at the University of Calgary. He also completed the Canadian Securities Course (CSC). Mr. Gusko has gained extensive international business experience, having worked in corporate development, finance, planning and marketing functions in South Africa, Holland, Japan, and Mexico. More recently, he has been active in the public markets. He has played in a leading role in helping to raise more than $25 million in public and private equity.

Mr. Gusko was the CFO of UC Resources Ltd., and most recently became the CFO of Vodis Pharmaceuticals (CSE:RZX) on July 1, 2015 when it started trading after a successful Reverse Take Over. Mr. Gusko also sits on the Board of Directors of Lomiko Metals. (TSX-V: LMR) and Arco Resources Corp. (TSX-V: ARR) and has further been on the audit committee of four public companies.

Mr. Gusko is also a Partner at Howe & Bay Financial Corporation, a leading Canadian Capital Markets advisory firm.

<u>Audit Committee Oversight</u>

The audit committee was appointed by the Board of Directors on May 20, 2015. The Board of Directors as a whole carried out the responsibilities of the audit committee prior to May 20, 2015. The audit committee has not yet made any recommendations concerning the nomination or compensation of the Company's external auditor, as such auditor was appointed by the Board of Directors.

<u>Reliance on Certain Exemptions</u>

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

(a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or

(b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The audit committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The following table sets out the audit fees incurred by the Company from April 14, 2015 (date of incorporation) to September 30, 2015 (its financial year end) including Q2 and Q3 review engagements

Audit Service Fees	Amount (CDN$)
2014 YE audit	13,125
2015 Q2 and Q3 Review	11,760
Total	**24,885**

Corporate Governance

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with day-to-day management of the Company.

Pursuant to NI 58-101 the Company is required to disclose its corporate governance practices, as summarized below. The Board of Directors will monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

NI 58-201 establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. Pursuant to NI 58-201, the Board of Directors has adopted a Code of Business Conduct and Ethics, which addresses, but is not limited to, the following issues:

(i) conflicts of interest;

(ii) compliance with laws, rules, and regulations;

(iii) protection and proper use of corporate opportunities;

(iv) protection and proper use of corporate assets;

(v) confidentiality of corporate information;

(vi) fair dealing with securityholders, customers, competitors, and employees; and

(vii) accuracy of business records.

In addition, pursuant to NP 51-201 the Company has adopted a Disclosure Policy, which addresses, but it not limited to addressing, the following issues:

(i) timely disclosure of material information;

(ii) insider trading;

(iii) the development and mandate of the Company’s Disclosure Committee;

(iv) rumours and speculation; and

(v) designating spokespersons of the Company.

Board of Directors

As of the date of this Prospectus, the Board of Directors consists of four directors: Michael Hunter, Dalton Larson, Brian Gusko, and Kulwant Sandher.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from holding shares or securities in the company. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

At this time Dalton Larson and Brian Gusko are considered to be “independent” within the meaning of NI 58-101. Michael Hunter, by reason of him holding the offices of President and Chief Executive Officer is considered to be “non-independent”. The Board of Directors will consider adding another independent director after the Shares are listed on the Exchange if warranted or required by the policies of the Exchange.

Since the Company is a venture issuer, it is relying on the exemption in section 6.1 of Part 3 of NI 52-110, which requires that an audit committee be made up of non-independent directors.

Directorships

The following directors of the Company also serve as directors of other reporting issuers:

Name of Director	Other Reporting Issuer	Name of Exchange or Market
Dalton Larson	Energizer Resources Inc.	TSE: EGZ
	SmartCool Systems Inc.	CVE:SSC
Peter Lee	Atoro Capital Corp.	TSX:TTO.H
Brian Gusko	Arco Resources Corp.	TSX-V:ARR
	Lomiko Metals	TSX-V: LMR
	Pacific Therapeutics Ltd.	CSE: PT
Kulwant Sandher	Delta Oil & Gas Inc.	OTC: DLTA

Orientation and Continuing Education

Each new director of the Company is briefed about the nature of the Company’s business, its corporate strategy and current issues within the Company. New directors will be encouraged to review the Company’s public disclosure records as filed on SEDAR at www.sedar.com after the Company becomes a reporting issuer. Directors are also provided with access to management to better understand the operations of the Company, and to the Company’s legal counsel to discuss their legal obligations as directors of the Company.

Ethical Business Conduct

The Board of Directors is considering implementing a written code of ethical conduct for its directors, officers and future employees. The Board of Directors has not yet had the opportunity to implement such a code as the Company was recently incorporated.

The Board of Directors is also required to comply with the conflict of interest provisions of the *BCA* and relevant securities regulation in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director is required to declare the nature and extent of his interest and is not entitled to vote on any matter that is the subject of the conflict of interest. See “*Directors and Executive Officers - Conflicts of Interest*” and “*Risk Factors*”.

Nomination of Directors

The Company’s management is in contact with individuals involved in the technology sector. From these sources management has made a number of contacts and in the event that the Company requires any new directors, such individuals will be brought to the attention of the Board of Directors. The Company will conduct reference and background checks on suitable candidates. New nominees generally must have a track record in business management, areas of strategic interest to the Company, the ability to devote the time required to carry out the obligations and responsibilities of a director and a willingness to serve in that capacity.

Compensation

At present, the Board of Directors as a whole determines the compensation of the Company’s Chief Executive Officer and Chief Financial Officer and does so with reference to industry standards and the financial situation of the Company. The Board of Directors has the sole responsibility for determining the compensation of the directors of the Company. For details on compensation to directors, see “Director Compensation” above.

Given the Company’s size, limited operating history and lack of revenues, the Board of Directors does not plan to form a compensation committee to monitor and review the salary and benefits of the executive officers of the Company at the present time. The Board of Directors will carry out these functions until such time as it deems the formation of a compensation committee is warranted.

Other Board Committees

Other than as disclosed herein, there are no committees of the Board of Directors as of the date of this Prospectus.

Assessments

Neither the Company nor the Board of Directors has developed a formal review system to assess the performance of the directors or the Board of Directors as a whole. The contributions of individual directors are monitored by other members of the Board of Directors on an informal basis through observation.

RISK FACTORS

An investment in the Shares should be considered highly speculative due to the nature of the Company’s business and the present stage of development. An investment in the Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company and its business, investors should carefully consider, in addition to other information contained in this Prospectus, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations.

The following are certain factors relating to the Company’s business, which prospective investors should carefully consider before deciding whether to purchase Shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information set out elsewhere in this Prospectus. These risks and uncertainties are not the only ones the Company is facing. Additional risk and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair operations. If any such risks actually occur, the business, financial condition, liquidity and results of operations could be materially adversely affected.

Forward Looking Information

Certain information set out in this Prospectus includes or is based upon expectations, estimates, projections or other "*forward looking information*". Such forward looking information includes projections or estimates made by the Company about the Company's future business operations. While such forward looking statements and the assumptions underlying them are made in good faith and reflect the Company's management's current judgment regarding the direction of business, actual results will almost certainly vary (sometimes materially) from any estimates, predictions, projections, assumptions or other type of performance suggested here.

Market Risk for Securities

There can be no assurance that an active trading market for the Shares will be established and sustained. Upon Listing, the market price for the Shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Speculative Nature of Investment Risk

An investment in the Shares carries a high degree of risk and should be considered as a speculative investment. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The Company is in the early stages of business and has recently launched commercialization of new products and services. Operations are not yet sufficiently established such that the Company can mitigate risks associated with planned activities.

Liquidity and Future Financing Risk

The Company is in the early stages of business and has not generated a significant amount of revenue. The Company will likely operate at a loss until its business becomes established and the Company may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional Shares, control may change and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

Going-Concern Risk

The Company's Financial Statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The Financial Statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Global Economy Risk

The ongoing economic slowdown and volatility of global capital markets has generally made the raising of capital by equity or debt financing more difficult. The Company may be dependent upon capital markets to raise additional financing in the future while concurrently establishing a wider customer base. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, the Company is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If these levels of volatility and slow market conditions persist, the Company's operations, the Company's ability to raise capital and the trading price of the Shares could be adversely impacted.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain earnings to finance further growth and, when appropriate, retire debt.

Share Price Volatility Risk

It is anticipated that the Shares will be listed for trading on the Exchange. As such, external factors outside of the Company's control, such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward technology and education sector stocks, may have a significant impact on the market price of the Shares. Global stock markets, including the Exchange, have, from time-to-time, experienced extreme price and volume fluctuations. The same applies to companies in the technology and education sectors. There can be no assurance that an active or liquid market will develop or be sustained for the Shares.

Increased Costs of Being a Publicly Traded Company

As the Company will have publicly-traded securities, significant legal, accounting and filing fees will be incurred that at present, are not. Securities legislation and the rules and policies of the Exchange require publicly listed companies to, among other things, adopt corporate governance policies and related practices and to continuously prepare and disclose material information, all of which will significantly increase legal, financial and securities regulatory compliance costs.

Risks Related to the Company's Business

Brand Development

The Company's management believes that building and maintaining awareness of the Company's products and services, including the Cloud 9 ESL Program, in a cost-effective manner is important for achieving widespread acceptance of the Company's products and attracting new customers. The Company relies in large part on awards and endorsements from international education organizations and exposure from media and academic outlets to build brand awareness and credibility among customers and the ESL industry. Furthermore, future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including the ability of the Company to (i) create greater awareness of and the Company's products and services; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins.

The success of the Company's brand depends on the effectiveness of the Company's marketing efforts and on the Company's ability to provide reliable products and support to customers at competitive prices. The Company's brand marketing strategies may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses incurred in its attempts to build the Company's brand. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of the Company's products or services. If the Company fails to effectively market its brand, the Company may fail to attract new customers, retain existing customers or attract sufficient media coverage in order to realize a sufficient return on branding efforts. A failure in brand development and marketing may result in a negative impact on the Company's business and potential revenues.

Technology Risk

The Company's products and services are partially dependent upon advanced technologies which are susceptible to rapid technological changes. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete as a result of, such technological changes. Further, some of the Company's services and products are currently under development and there can be no assurance that the Company's development efforts will result in viable results as conceived by the Company or at all.

There is a risk that technologies similar to the Company's Cloud 9 ESL Program could reach the market before its own; that similar products may be developed after the Cloud 9 ESL Program which may include features more appealing to customers; and that other products competing with the Company's Cloud 9 ESL Program may use advanced technology not yet incorporated in the Company's Cloud 9 ESL Program. There is also a risk that certain consumers may not accept or adopt the Company's Cloud 9 ESL Program. The occurrence of any of these events could negatively impact the level of interest generated in the Cloud 9 ESL Program and thus limit the potential revenues to be generated by the Cloud 9 ESL Program.

Technical Operations Infrastructure Risk

The Company's management anticipates significant growth in the number of customers being added to the Cloud 9 ESL Program. The Company seeks to maintain sufficient excess capacity in its operations infrastructure to meet the needs of all of its customers and to facilitate the rapid specialization of the Cloud 9 ESL Program to account for a growing and diverse customer base. In addition, the Company needs to properly manage its technological operations infrastructure in order to support version control, changes in hardware and software parameters, and the evolution of its products and services. Despite the fact that the Company has taken a number of steps to allow its infrastructure to handle significant increases in demand, it may in the future experience website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including but not limited to: infrastructure changes; human or software errors; viruses; security attacks; fraud; spikes in customer usage; and denial of service issues. In some instances, the Company may not be able to identify the cause or causes of these performance problems within an acceptable period of time, which may harm the Company's reputation and operating results. Furthermore, although the Company has a number of disaster recovery measures in place, if it does not accurately predict its infrastructure requirements, its existing customers may experience service outages that may subject the Company to financial penalties, financial liabilities and customer losses. If the Company's operations infrastructure fails to keep pace with an increased customer base, customers may experience delays as the Company seeks to obtain additional capacity, which could adversely affect the Company's reputation and its revenue.

Third Party Service Providers

The Company relies on a small number of third-party service providers, as well as our own facilities, including its internal technology to host and deliver its products and services. Any interruptions or delays in services from these third parties could impair the delivery of the Company's products and services, thereby harming the Company's business and reputation. The Company hosts its products and services on multiple third-party data facilities. While the Company operates equipment through these facilities, the Company does not control the operation or service level requirements of these facilities. These facilities could be subject to cyber-attacks, break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. A natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, capacity limitations at the facilities, and other unanticipated problems could result in lengthy interruptions in availability of the Company's products and services, which could adversely affect the Company's reputation and its revenue.

Furthermore, the Company depends on internet access through third-party bandwidth providers in order to operate its business. If the Company loses the services of these bandwidth providers for any reason, then the Company could experience disruption in the delivery of its products. The Company may experience difficulty in replacing any bandwidth on commercially reasonable terms, or at all, due to the large amount of bandwidth required by the Company. The Company's operations also rely heavily on the availability of electrical power, which is supplied by third-party providers, and any increase in the cost of electrical power could negatively impact the Company's operations and profitability. The Company's operations and profitability may be harmed if the Company or any of its third-party service providers experience any major power outages.

Any errors, defects, disruptions or other performance problems with the Company's products or services caused either by third parties or by the Company could harm the Company's reputation and may damage the Company's business. Interruptions in the availability of the Company's products and services may reduce revenues due to increased turnaround time to complete projects or implement lesson plans, increase the need for the Company to issue credits to customers, cause customers to terminate their contracts with the Company, or adversely affect renewal rates. The Company's business would be harmed if customers or potential customers view the Company's products and services as unreliable, which could adversely affect the Company's reputation and its revenue.

Product Quality Risk

If the information that the Company provides to customers is inaccurate, or perceived to be inaccurate, the Company's brand and overall reputation within the education sector may be harmed. The information collected by the Company or included in its databases, including any lesson plans developed and provided by the Company to customers through the Cloud 9 ESL Program, may contain real or perceived inaccuracies. Any dissatisfaction by customers or the media with the Company's services, products or methodologies could have an adverse effect on the Company's ability to retain existing customers and attract new customers. Additionally, the Company could be contractually required to pay damages, which could be substantial, to certain customers if the information provided to them is found to be negligent in its generation or delivery, and the customers relied on said negligence to make decisions that cause harm to them. Any harm incurred or any harm to the Company's brand or reputation due to actual or perceived irregularities or inaccuracies in the Cloud 9 ESL Program could harm the Company's overall business and adversely affect the Company's reputation and its revenue.

Competitive and Pricing Risk

The markets for ESL training is fragmented, highly competitive and rapidly changing. The Company expects to experience additional competition in the future as more colleges, universities, and for-profit schools offer an increasing number of online programs. With the introduction of technological advances and new entrants into these markets at a rapid pace, competition is expected to intensify in the future which could harm the Company's ability to develop a customer base for the products and begin generating revenue. Some of the Company's competitors in both the public and private sectors also have substantially greater financial and other resources than the Company. The Company's potential competitors may have significantly greater financial, technical, marketing and other resources; may be able to devote greater resources to the development, promotion, sale and support of their products and services; may have more extensive customer bases and broader customer relationships; and, may have longer operating histories and more brand recognition. In some cases, these businesses may choose to offer their products and services at lower prices or rates in response to new competitors entering the market. In competing with such businesses, the Company may be unable to establish demand for its product and services which could negatively impact the Company's business and potential revenues

Overseas Recruitment

A portion of the Company's Canadian business is generated through overseas recruitment activities that require students to apply for student visas, and this exposes the Company to the risk of visa and immigration policy changes. The Company has greatly increased overseas student recruitment activity from a number of countries in addition to its domestic recruitment. Overseas student recruitment is subject to uncertainty as it is contingent upon student applications for student visas. The Company's overall business and ability to generate revenues may be negatively impacted by any reductions to the student visa program by the Canadian government. Furthermore, the Company may suffer a material adverse change if the Canadian government decreases the number of student visas offered to foreign countries where the Company actively recruits students.

Student Financing Risk

A substantial decrease in the availability of government student loans or a significant increase in financing costs for the Company's students could have a material adverse effect on the Company's student enrollment figures and financial results. Some students enrolled in the Company's programs are highly dependent on government-funded financial aid programs. If there are changes to financial aid regulations that restrict student eligibility or reduce funding levels for student loans, then enrollment and tuition collection may suffer which could cause revenues to decline. Students also receive a tax deduction for all or a portion of the amount of tuition paid in a particular tax year and amount paid for textbooks (called an education tax credit), as set out in applicable Canadian and provincial income tax laws. The availability of these tax credits may impact the financial ability of students to enroll in the Company's programs and if such tax credits were to be eliminated or reduced, the Company's enrollment levels may decline, which could result in a decrease in revenues.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. A significant change in the currency exchange rates between the Canadian Dollar relative to the U.S. Dollar, Brazilian Real or other foreign currency could have an effect on the Company's results of operations.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flow or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As of the date of this Prospectus, the Company did not have any significant exposure to interest rate risk.

Additionally, an increase in interest rates could adversely affect the Company's ability to attract and retain students. Some of the Company's students finance their education through unsubsidized private loans. Interest rates have reached relatively low levels in recent years, creating a favorable borrowing environment for students. If interest rates increase, some students may have to pay higher interest rates on their loans, which may adversely impact student enrollment. As is the case with most businesses in the education sector, any future increase in interest rates will result in a corresponding increase in educational costs to the Company's existing and prospective students, which could result in a significant reduction in the Company's student enrollment levels and revenues.

Tax Risk

The Company is subject to various taxes including, but not limited to the following: Canadian income tax; goods and services tax; provincial sales tax; land transfer tax; and payroll tax. The Company's tax filings will be subject to audit by various taxation authorities. While the Company intends to base its tax filings and compliance on the advice of its tax advisors, there can be no assurance that its tax filing positions will never be challenged by a relevant taxation authority resulting in a greater than anticipated tax liability.

Certification Risk

The Company's campuses and education facilities in Canada are certified as eligible educational institutions in accordance with the requirements of applicable student loan regulations at the federal and provincial levels. Private educational institutions must be certified on a campus by campus basis in order for students to be eligible to apply for student loan and grant funding. Certifications are valid for a period of up to five years, subject to review by the granting authority. There are also a number of administrative requirements that must be complied with in order to maintain the Company's existing certification. In addition, the Company and StudentAid BC each conduct semi-annual audits to verify that campuses are in compliance. There is no assurance that the Company's campuses will be certified in the future or will maintain their existing certifications. If the Company were to lose certifications for its campuses, the Company's enrollment levels would decrease, which would have an adverse impact on the Company's revenues and overall business.

Student Performance

The success of the Company's business depends on its ability to deliver a satisfactory learning experience and improved academic results. The Company's product and services, including the Cloud 9 ESL Program, may fail to improve some students' academic performance and some students' may perform below expectations even after completing the Company's courses. Additionally, student and parent satisfaction with the Company may decline. If a significant number of students fail to improve their academic performance after attending the Company's courses or find the learning experience to be unsatisfactory, then students may decide to withdraw from the Company's courses and request refunds. Student dissatisfaction may adversely impact the Company's business, financial condition, results of operations and reputation.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which are uninsurable or against which the Company may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on the Company's financial position and operations.

Conflicts of Interest Risk

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors to the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with the *BCA*, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Intellectual Property

The ability of the Company to maintain or increase enrollment and sales will depend in part on its ability to maintain and grow its brand equity through the use of its registered domain names and trademarks. A loss of any of these may result in the Company's brand equity being diminished and thus a loss of potential customers.

Attracting and Retaining Quality Employees

The Company's business is dependent upon attracting and retaining quality employees with the skills required particularly with respect to teaching. The inability of the Company to hire, train and retain employees may adversely affect operations and could have an adverse effect on sales.The Company's ability to meet its labour needs while controlling the costs associated with hiring and training new employees is subject to external factors such as unemployment levels, prevailing wage rates, government legislation and changing demographics. Changes that adversely impact the Company's ability to attract and retain quality employees could adversely affect its business.

Key Personnel Risk

The Company's success will depend on its directors and officers to develop the business and manage operations and on their ability to attract and retain key technical, sales and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future which may adversely impact operations.

Management of Growth

The Company's management anticipates rapid growth and plans to capitalize on this growth. Future operating results will depend on management's ability to manage this anticipated growth, hire and retain qualified employees, properly generate revenues and control expenses. A decline in the growth rate of revenues without a corresponding reduction in the growth rate of expenses could have a material adverse effect on the Company's business, results of operations, cash flows and financial condition.

Product & Services Development

The Company may not be able to improve the content of existing courses or develop new courses or services in a timely or cost-effective manner. The Company is constantly updating and improving the content of its existing courses and developing new courses or services to meet changing market demands. Revisions to existing courses and newly developed courses or services may not be well received by existing or prospective students or their institutions. Furthermore, offering new courses or services or modifying existing courses may require the Company to invest in content development, increase marketing efforts and re-allocate resources away from other uses. Even if the Company's new courses or services are well received, the Company could suffer adverse results if these new courses and services are not offered to students in a timely or cost-effective manner. If the Company do not respond adequately to changes in market demands, then the Company's ability to attract and retain students may be impaired and financial results could suffer.

Expansion Rate

In order for the Company to improve its operating results and continue to grow its business, it is important for the Company to continue to attract new customers and expand the Cloud 9 ESL Program for its existing and future customer base. To the extent the Company is successful in increasing its customer base, it could incur increased losses because the costs associated with attracting new customers are generally incurred up front, while revenue is recognized rateably over the term of a contract for services. Alternatively, to the extent the Company is unsuccessful in increasing its customer base, the Company could also incur increased losses as the costs associated with marketing programs and new products intended to attract new customers would not be offset by incremental revenue and cash flow. Furthermore, if the Company's customers do not expand on the development of new products and services, the Company's revenue may grow more slowly than the Company expects. All of these factors could negatively impact the Company's future revenue and operating results.

Quarterly Operating Results

The Company's quarterly operating results, including its levels of revenue, gross margin, profitability, cash flow and deferred revenue, may vary significantly in the future, and period-to-period comparisons of its operating results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. The Company's quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of the Company's control and, as a result, may not fully reflect the underlying performance of the Company's business. Fluctuations in quarterly results may negatively impact the value of the Company's securities. Factors that may cause fluctuations in the Company's quarterly financial results include, but are not limited to:

- the ability to attract new customers;
- retention rates;
- the timing of recognition of revenue;
- the amount and timing of operating expenses related to the maintenance and expansion of the Company's business, operations and infrastructure;
- general economic, industry, and market conditions;

- increases or decreases in the number of features in the Company's services or pricing changes upon any renewals of customer agreements;
- changes in the Company's pricing policies or those of the Company's competitors;
- seasonal variations in sales of the Company's services; and
- the timing and success of new services and service introductions by the Company and its competitors or any other change in the competitive dynamics of the Company's industry, including consolidation among competitors, customers, or strategic partners.

Confidentiality Risk

Personal information collected by the Company in the ordinary course of business may be vulnerable to breach, theft or loss. This could subject the Company to liability or negatively impact the Company's reputation and operations. The Company collects, uses and retains large amounts of personal information from its student base, including personal and financial data. The Company also collects and maintains personal information of its employees. Although the Company uses security controls to limit access and use of personal information, a third party or internal errors within the Company may circumvent these controls, which could result in a breach of student or employee privacy. A violation of any laws or regulations relating to the collection or use of personal information could result in the Company incurring fines. While the Company believes it takes appropriate precautions and safety measures, there is still a possibility that a breach, theft or loss of personal information may occur. Any breach, theft or loss of such personal information could negatively impact the Company's financial condition, reputation, and may result in the Company incurring liability.

PROMOTERS

Michael Hunter and Brian Gusko are each considered to be "promoters" of the Company as that term is defined in the *Securities Act* (British Columbia).

Michael Hunter received compensation from the Company, as described in this Prospectus. Brian Gusko has not received compensation from the Company.

<u>Michael Hunter</u>

Michael Hunter is a Director, President and CEO of both the Company and Cloud Nine College and a director of BHR. As a result of a Share Exchange Agreement entered into on February 6, 2015 between Cloud Nine College and BHR, and amended on March 11, 2015 and April 16, 2015, Mr. Hunter received 7,000,360 common shares of BHR at a deemed value of $0.10 per share which were then exchanged for Shares in the Company upon closing of the Arrangement. Further, Mr. Hunter receives an annual salary of $120,000 gross paid on a semi-monthly basis from Cloud Nine College. On April 2, 2015, the Company granted Mr. Hunter 400,000 options in his capacity as CEO, exercisable at $0.10 with an expiration date of April 22, 2020.

<u>Brian Gusko</u>

Brian Gusko is a director of the Company and BHR and was instrumental in the development of the Company. Mr. Gusko held 935,000 Shares in BHR, which were then exchanged for Shares in the Company upon closing of the Arrangement, and also holds 100,000 warrants exercisable at $0.10 per Share for a period of 12 months as described elsewhere in this Prospectus. On November 23, 2015, Mr. Gusko transferred 250,000 Shares to an unrelated third party, leaving him with a balance of 685,000 Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings outstanding, threatened or pending as of the date of this Prospectus by or against the Company or to which it is a party or its business or any of its assets is the subject of, nor to the knowledge of the directors and officers of the Company are any such legal proceedings contemplated which could become material to a purchaser of the Company's securities.

Regulatory Actions

There have not been any penalties or sanctions imposed against the Company by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below and elsewhere in this Prospectus, no director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect the Company.

See "*Description of the Business*", "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*", "*Principal Shareholders*", "*Directors and Executive Officers*" and "*Material Contracts*".

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Company's auditor is Morgan & Company LLP, of 1488 – 700 West Georgia Street, Vancouver BC V7Y 1A1.

The transfer agent appointed by the Company to maintain the securities register and register of transfers for the Shares is Computershare Investor Services Inc., of 510 Burrard Street, 2nd Floor, Vancouver, BC V6C 3B9.

The office appointed by the Company to maintain its warrant register and its option register is Bacchus Law Corporation, of Suite 1820 – 925 West Georgia Street, Vancouver, BC V6C 3L2.

MATERIAL CONTRACTS

The material contracts of the Company, excluding those made in the ordinary course of its business, since are as follows:

Name of Contract	Parties	Date	Nature of Contract and Consideration
ILI/EC Acquisition Agreement	Cloud Nine College (formerly, Anterior Education Systems Ltd.), as purchaser, and the former shareholders of ILI and EC, as vendor	September 27, 2014	Agreement for the acquisition of 100% of issued and outstanding shares of ILI and EC
Share Exchange Agreement	Cloud Nine College, BHR., and the shareholders of Cloud Nine College	February 06, 2015 as amended March 11, 2015 and April 16, 2015	Setting out the terms for the purchase of Cloud Nine College; consideration of 12,844,110 common shares in BHR with a

Name of Contract	Parties	Date	Nature of Contract and Consideration
			deemed value of $0.10 per share
Arrangement Agreement	The Company, Planco and BHR	April 14, 2015	Setting out the terms of the Arrangement
Stock Restriction Agreements	Certain shareholders and the Company (see "*Escrowed Securities and Securities subject to Contractual Restriction on Transfer*")	May 25, 2015	Sets out the release schedule for certain restricted Shares of the Company
Stock Restriction Agreements	Certain shareholders and the Company (see "*Escrowed Securities and Securities subject to Contractual Restriction on Transfer*")	June 5, 2015	Sets out the release schedule for certain restricted Shares of the Company
ILI Sale Agreement	Cloud Nine College, as vendor, an unrelated third party, as purchaser, EC and ILI	October 23, 2015	Setting out the terms for the sale by Cloud Nine College of 100% of issued and outstanding shares of ILI
Escrow Agreement	Certain shareholders, Trustco, and the Company (see "*Escrowed Securities and Securities subject to Contractual Restriction on Transfer*")	January 21, 2016	Sets out the release schedule for certain escrowed Shares of the Company

Copies of all material contracts may be inspected at the Company's registered and records office at Suite 1820, 925 West Georgia Street, Vancouver, BC V6C 3L2, during normal business hours while distribution of the securities offered hereunder is in progress, and for a period of 30 days thereafter. The material contracts will also be available on the SEDAR website (www.sedar.com) upon the issuance of the final receipt for this Prospectus.

EXPERTS

No person whose profession or business gives authority to a statement made by such person and who is named in this Prospectus has received or will receive a direct or indirect interest in the Company's property or any associate or affiliate of the Company. As at the date hereof, none of the aforementioned persons beneficially owns, directly or indirectly, securities of the Company or its associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as, a director, senior officer or employee of the Company or of an associate or affiliate of the Company, or as a promoter of the Company or an associate or affiliate of the Company.

The Company's auditor, Morgan & Company LLP, is independent in accordance with the auditor's rules of professional conduct in the Province of British Columbia.

FINANCIAL STATEMENT DISCLOSURE

The following Financial Statements and MD&A are included as schedules to this Prospectus as follows:

- **Schedule A:** audited consolidated financial statements of the Company for the financial year ended September 30, 2015;

- **Schedule B:** the Company's Management's Discussion and Analysis for the financial year ended September 30, 2015;
- **Schedule C:** reviewed unaudited financial statements of ILI for the financial year ended September 30, 2014 and reviewed balance sheet of ILI for the financial year ended September 30, 2013;
- **Schedule D:** reviewed unaudited financial statements of EC for the financial year ended September 30, 2014 and reviewed balance sheet of EC for the financial year ended September 30, 2013; and
- **Schedule E:** audited financial statements of BHR from December 3, 2014 (date of incorporation) to March 31, 2015.

SCHEDULE A

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ANTERIOR EDUCATION HOLDINGS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended September 30, 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Anterior Education Holdings Ltd.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Anterior Education Holdings Ltd., which comprise the consolidated statement of financial position as at September 30, 2015, and the consolidated statements of operations and comprehensive loss, changes in (deficiency) equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Anterior Education Holdings Ltd. as at September 30, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Vancouver, Canada — *"Morgan & Company LLP"*

December 23, 2015 — Chartered Professional Accountants

PO Box 10007, 1488 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1A1
Tel: (604) 687 – 5841 Fax: (604) 687 – 0075 www.morgancollp.com

ANTERIOR EDUCATION HOLDINGS LTD.
Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

	September 30, 2015	September 30, 2014 (Unaudited)
ASSETS		
Current		
Cash	**$ 12,873**	$ 32,311
Available-for-sale investments (Note 4)	**1**	–
Accounts receivable	**109,068**	55,742
Prepaid expenses	**94,864**	65,251
Inventory	**3,915**	18,944
	220,721	172,248
Non-current assets		
Bond deposit (Note 6)	**27,611**	28,072
Property and equipment (Note 7)	**11,588**	50,773
Intangible assets (Note 8)	**413,711**	250,000
Goodwill	**–**	290,575
Assets classified as held for sale (Note 18)	**114,970**	–
	567,880	619,420
TOTAL ASSETS	**$ 788,601**	$ 791,668
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 188,353**	$ 228,096
Deferred revenue	**107,148**	177,654
Loans payable (Notes 9 and 10)	**177,663**	94,151
	473,164	499,901
Non-current liabilities		
Convertible debentures (Note 11)	**–**	170,041
Long-term liabilities (Note 12)	**196,245**	-
Liabilities classified as held for sale (Note 18)	**180,852**	–
	377,097	170,041
TOTAL LIABILITIES	**850,261**	669,942
SHAREHOLDERS' (DEFICIENCY) EQUITY		
Share capital (Note 13)	**2**	–
Reserves	**1,441,145**	153,245
Subscriptions received (Note 13)	**100,000**	–
Deficit	**(1,602,807)**	(31,519)
TOTAL SHAREHOLDERS' (DEFICIENCY) EQUITY	**(61,660)**	121,726
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY	**$ 788,601**	$ 791,668

Going concern (Note 1)
Subsequent events (Note 20)
These consolidated financial statements were authorized for issuance by the Board of Directors on December 23, 2015. They are signed on behalf of the Board of Directors by:

"Michael Hunter" (Signed)
Director

"Dalton Larson" (Signed)
Director

The accompanying notes are an integral part of these consolidated financial statements.

ANTERIOR EDUCATION HOLDINGS LTD.

Consolidated Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended September 30, 2015	Year ended September 30, 2014 (Unaudited)
Revenue		
Tuition fees	$ **407,544**	$ –
Testing and other income	**855,160**	70,000
	1,262,704	70,000
Direct costs	**(1,027,118)**	–
	235,586	70,000
Expenses		
Bank charges	**43,390**	140
Consulting fees	**32,006**	55,006
Depreciation	**1,200**	–
Insurance	**4,639**	–
Marketing and advertising	**99,873**	21,483
Occupancy costs	**123,198**	–
Office and administration	**72,296**	6,118
Professional fees	**78,428**	14,500
Salaries and benefits	**368,111**	–
	823,141	97,247
Loss before other expenses	**(587,555)**	(27,247)
Other expenses		
Acquisition-date loss	**(10,000)**	–
Impairment of goodwill (Note 5)	**(290,575)**	–
Interest expense	**(1,163)**	–
Write-off of property and equipment	**(4,971)**	–
Loss from continuing operations	**(894,264)**	(27,247)
Loss from discontinued operations (Note 18)	**(677,024)**	–
Net loss and comprehensive loss for the year	$ **(1,571,288)**	$ (27,247)
Basic and diluted loss per share – continuing operations	$ **(0.11)**	$ -
Basic and diluted loss per share – discontinued operations	$ **(0.08)**	$ -
Weighted average number of shares outstanding	**8,350,689**	-

The accompanying notes are an integral part of these consolidated financial statements.

ANTERIOR EDUCATION HOLDINGS LTD.

Consolidated Statement of Changes in (Deficiency) Equity

(Expressed in Canadian dollars)

	Share capital			Subscriptions		
	Number	**Amount**	**Reserves**	**received**	**Deficit**	**Total**
Balance at September 30, 2013 (Unaudited)	–	$ –	$ 36	$ –	$ (4,272)	$ (4,236)
Funding and expenses paid by BHR Capital Corp.	–	–	153,209	–	–	153,209
Net loss for the year	–	–	–	–	(27,247)	(27,247)
Balance at September 30, 2014 (Unaudited)	–	–	153,245	–	(31,519)	121,726
Shares issued for cash	10,000	50	–	–	–	50
Shares issued under Plan of Arrangement with BHR Capital Corp.	27,209,210	2	1,188,954	–	–	1,188,956
Shares cancelled per Plan of Arrangement	(10,000)	(50)	50	–	–	–
Subscriptions received	–	–	–	100,000	–	100,000
Share-based compensation	–	–	98,896	–	–	98,896
Net loss for the year	–	–	–	–	(1,571,288)	(1,571,288)
Balance at September 30, 2015	**27,209,210**	**$ 2**	**$ 1,441,145**	**$ 100,000**	**$ (1,602,807)**	**$ (61,660)**

The accompanying notes are an integral part of these consolidated financial statements.

ANTERIOR EDUCATION HOLDINGS LTD.
Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

	Year ended September 30, 2015	Year ended September 30, 2014 (Unaudited)
Cash flows from operating activities		
Net loss for the year	**$ (1,571,288)**	$ (27,247)
Items not affecting cash:		
Depreciation	**22,799**	–
Impairment of goodwill	**290,575**	–
Share-based compensation	**98,896**	–
Write-off of property and equipment	**4,971**	–
Accrued interest	**1,624**	–
Changes in non-cash working capital items:		
Accounts receivable	**(80,301)**	–
Prepaid expenses	**(31,806)**	(15,650)
Inventory	**1,029**	–
Accounts payable and accrued liabilities	**105,079**	16,440
Deferred revenue	**(32,476)**	–
	(1,190,898)	(26,457)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	**–**	(275,955)
Funding and expenses paid by BHR Capital Corp.	**1,016,914**	42,500
Purchase of property and equipment	**(60,387)**	–
Digital curriculum development costs	**(163,711)**	–
	792,816	(233,455)
Cash flows from financing activities		
Advances from shareholders	**–**	75,368
Proceeds from convertible debentures	**–**	205,750
Proceeds from loans payable	**82,349**	–
Increase in long-term liabilities	**196,245**	–
Proceeds from issuance of shares	**50**	–
Proceeds from share subscriptions	**100,000**	–
	378,644	281,118
(Decrease) increase in cash	**(19,438)**	21,206
Cash, beginning of year	**32,311**	11,105
Cash, end of year	**$ 12,873**	$ 32,311
Supplemental cash flow information		
Cash paid for interest	**$ –**	$ –
Cash paid for taxes	**$ –**	$ –

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in Canadian dollars)

1. GENERAL INFORMATION AND GOING CONCERN

a) Description of the business

Anterior Education Holdings Ltd. (the "Company") was incorporated in the Province of British Columbia on April 14, 2015, under the Business Corporations Act of British Columbia. The Company's principal business focuses on Canadian English as a Second Language ("ESL") education and licensing of its digital curriculum called the ILI Cloud Curriculum to ESL providers including independent schools, universities and high schools. Effective June 10, 2015, the Company completed a Plan of Arrangement with BHR Capital Corp. ("BHR") and Cervantes Capital Corp. ("Cervantes"), whereby the Company became a reporting issuer, and BHR, and its wholly-owned subsidiaries, became wholly-owned subsidiaries of the Company. As the Plan of Arrangement was deemed to be a recapitalization of BHR, these financial statements are presented as a continuation of BHR, in which its assets and liabilities and operations are included in the consolidated financial statements at their historical carrying value. The Company's registered office is at Suite 900, 549 Howe Street, Vancouver, British Columbia, V6C 2C2.

b) Going concern

The Company incurred a net loss of $1,571,288 (2014 - $27,247) during the year ended September 30, 2015. As at September 30, 2015, the Company had a working capital deficiency of $252,443 (2014 - $327,653) and an accumulated deficit of $1,602,807 (2014 - $31,519). The operating and cash flow results raise uncertainty about the ability of the Company to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. The above facts indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements have been prepared on the basis the Company will operate as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the following entities:

BHR Capital Corp. ("BHR")	Wholly-owned subsidiary of the Company
Anterior Educational Systems Ltd. ("AES")	Wholly-owned subsidiary of BHR
International Language Institute Ltd. ("ILI")	Wholly-owned subsidiary of AES
English Canada World Organization Inc. ("EC")	Wholly-owned subsidiary of AES

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of consolidation (continued)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances are eliminated on consolidation.

c) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

Significant areas requiring the use of estimates include the useful life and depreciation of property and equipment, carrying value of intangible assets and goodwill, measurement of share-based payments, and deferred income tax asset valuation allowances. Judgements made by management in the application of IFRS that have a significant effect on the financial statements include the factors supporting the capitalization and recoverability of property and equipment, intangible assets and goodwill, and inputs into the calculation of the fair value of share-based payments.

d) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company's financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

Classification choices for financial assets include:

- Fair value through profit or loss ("FVTPL"): measured at fair value with changes in fair value on re-measurement recorded in net income or loss;
- Held to maturity: non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity and are recorded at amortized cost with gains or losses recognized in net income or loss in the period that the asset is derecognized or impaired;
- Available-for-sale: non-derivative financial assets not classified in any other category; and are measured at fair value with changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment; and
- Loans and receivables: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost with gains and losses recognized in net income or loss in the period that the financial asset is derecognized or impaired.

Financial instruments include cash, available-for-sale investments, accounts receivable, bond deposit, accounts payable and accrued liabilities, and loans payable. Cash is classified as FVTPL, available-for-sale investments are classified as available-for-sale, accounts receivable is classified as loans and receivable, bond deposit is classified as held to maturity, and accounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Cash

Cash includes cash on hand, and deposits held with Canadian registered banks with original maturities of three months or less.

f) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventory consists of books and CD products that are recorded at the lower of cost and net realizable value. Costs are mainly printing cost and material cost. Net realizable value is calculated as the estimated selling price in the ordinary course of business less the estimated costs of completion, discounts, commissions and other selling expenses necessary to make the sale.

g) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where the costs of certain components of property and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is recognized in earnings using the depreciation rates as follows:

- Furniture and office equipment – 5 years straight-line basis
- Computer equipment – 50% diminishing balance basis
- Leasehold improvements – 6 years straight-line basis

The Company reviews the depreciation rate and the depreciation method at each reporting date.

h) Intangible assets

The Company's finite life and indefinite life intangible assets are recorded at their cost which, for intangible assets acquired in business combinations, represents the fair value at the acquisition date. Indefinite life intangible assets, which include trade names, are not subject to depreciation and are tested for impairment annually or when indicated by changes in events or circumstances. An impairment of an indefinite life intangible asset is recorded when, and to the extent that, the carrying value of an indefinite life intangible asset exceeds the fair value of the related indefinite life intangible asset with fair values of the indefinite life intangible assets being determined pursuant to generally accepted valuation methodologies.

Finite life intangible assets, which includes curriculum, are carried at cost less accumulated depreciation and impairment. The asset is depreciated over five years on a straight-line basis, being its estimated useful life. Finite life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable through future discounted net cash flows from the use or disposal of the related finite life intangible asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Company's cash generating units that are expected to benefit from the synergies of the business combination. Goodwill is not depreciated and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Specifically, goodwill impairment is determined comparing the fair values of each cash generating unit to its carrying amount, including goodwill. If the fair value of each cash generating unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a cash generating unit exceeds its fair value; the second step compares the implied fair value of goodwill to the carrying value of the cash generating unit's goodwill.

The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined to the assets and liabilities of the cash generating unit. The excess of the fair value of the cash generating unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill. Estimating fair value is performed by utilizing various valuation techniques, with the primary technique being a discounted cash flow analysis. The Company performs the impairment test annually.

j) Revenue recognition

Revenue from a contract to provide service is recognized by reference to the stage of completion of the contract. Tuition fee revenue, net of discounts, is recognized on a straight-line basis over the period of instruction. Tuition fees paid in advance of course offerings, net of related discounts, are recorded as deferred revenue and recognized in revenue over the period of instruction.

Testing and other income, which includes internship fees and homestay service, are recognized when earned.

k) Loss per share

Basic earnings (loss) per common share is computed by dividing their respective net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share is determined by adjusting the respective weighted average number of common shares outstanding for the effects of all potentially diluted common share options and warrants. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

l) 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 the statement of operations. The Company does not have items representing comprehensive income or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled, share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

n) 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 using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 date of financial position.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred 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.

o) New standards and interpretations

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after July 1, 2016 or later years.

- New standard IFRS 9, "*Financial Instruments*"
- New standard IFRS 15 "*Revenue from Contracts with Customers"*

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. SHARE EXCHANGE

On February 6, 2015, the Company's wholly-owned subsidiary, BHR Capital Corp. ("BHR"), entered into a Letter Agreement, as amended on March 11, 2015, and April 16, 2015, for the acquisition of Anterior Education Systems Ltd. ("AES"), whereby AES would become a wholly-owned subsidiary of BHR.

On April 22, 2015, the Letter Agreement closed and BHR acquired all of the issued and outstanding shares of AES in exchange for the issuance of 12,844,110 common shares. Upon closing, the former shareholders of AES held 54% voting control of BHR. As a result of the Letter Agreement, the former shareholders of AES, for accounting purposes, are considered to have acquired control of BHR. Accordingly, the Letter Agreement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of BHR. As AES is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on June 28, 2013, are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of AES in accordance with IFRS 3, *Business Combinations*. The results of operations of BHR are included from April 22, 2015, onwards. At the time of the execution of the Arrangement, BHR had net assets totalling $69,518, consisting of cash of $77,559 and payable of $8,041.

4. PLAN OF ARRANGEMENT

On April 14, 2015, the Company entered into an Arrangement Agreement (the "Arrangement") with BHR Capital Corp. ("BHR") and Cervantes Capital Corp. ("Cervantes"). On June 10, 2015, the shareholders of the Company, BHR and Cervantes executed the Arrangement, as follows:

a) BHR acquired all of the 10,000 issued and outstanding common shares of the Company from Cervantes (the "Purchase Shares") for the purchase price of $10,000 (paid);

b) BHR and the Company exchanged securities on a 1:1 basis, such that all the outstanding common shares of the BHR were exchanged by their holders for the same amount of shares of the Company;

c) the Company issued 396,600 common shares to Cervantes in exchange for 1,000 common shares of Cervantes (collectively the "Exchange Shares"), by which the Company became a reporting issuer;

d) the Exchange Shares were issued as a dividend to the Cervantes shareholders as of the record date on a pro rata basis; and

e) the Purchase Shares were cancelled.

As a result of the Arrangement, the former shareholders of BHR, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the Arrangement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. As BHR is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on December 3, 2014, are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of BHR in accordance with IFRS 3, *Business Combinations.* The Company's results of operations are included from June 10, 2015, onwards. At the time of the execution of the Arrangement, the Company had net assets totalling $Nil.

As at September 30, 2015, the Company had the 1,000 (2014 – Nil) common shares of Cervantes from the Arrangement, which were valued at $1 (2014 - $Nil) and classified as available-for-sale investments.

(Expressed in Canadian dollars)

5. ACQUISITION OF ILI AND EC

On September 30, 2014, AES acquired all of the issued and outstanding common shares of ILI and EC for total consideration of $375,000 as follows:

a) $50,000 in cash deposits paid on August 22, 2014;
b) $150,000 in cash paid on September 30, 2014;
c) $100,000 in cash payable on September 30, 2015; and
d) 1,500,000 common shares of AES valued at $75,000 issued on September 30, 2014.

AES has allocated the purchase price as follows:

Net assets acquired at fair values:		
Cash	$	24,045
Accounts receivable		55,742
Prepaid expenses		46,151
Inventory		18,944
Bond deposit		28,072
Property and equipment		50,773
Intangible assets		250,000
Goodwill		290,575
Accounts payable and accrued liabilities		(211,648)
Deferred revenue		(177,654)
Total net assets	**$**	**375,000**

During the year ended September 30, 2015, the Company recognized impairment of the goodwill of $290,575, due to the subsequent sale of ILI (Note 20).

6. BOND DEPOSIT

As at September 30, 2015, the Company has a bond held at the Canadian Imperial Bank of Commerce as a letter of credit for the beneficiary of the Minister of Finance for the Province of Nova Scotia on behalf of the Private Career Colleges Division in the amount of $27,611 (2014 - $28,072), which includes accrued interest of $11 (2014 - $472). The bond bears interest at 0.55% per annum and matures on September 6, 2016.

(Expressed in Canadian dollars)

7. PROPERTY AND EQUIPMENT

Cost	**Furniture and office equipment**	**Computer equipment**	**Leasehold improvements**	**Total**
Balance, September 30, 2013	$ –	$ –	$ –	$ –
Additions	24,767	1,238	24,768	50,773
Balance, September 30, 2014	24,767	1,238	24,768	50,773
Additions	–	47,599	12,788	60,387
Assets classified as held for sale	(19,796)	(48,837)	(24,768)	(93,401)
Write-off	(4,971)	–	–	(4,971)
Balance, September 30, 2015	**$ –**	**$ –**	**$ 12,788**	**$ 12,788**

Accumulated depreciation	**Furniture and office equipment**	**Computer equipment**	**Leasehold improvements**	**Total**
Balance, September 30, 2013	$ –	$ –	$ –	$ –
Depreciation	–	–	–	–
Balance, September 30, 2014	–	–	–	–
Depreciation	4,953	12,518	5,328	22,799
Assets classified as held for sale	(4,953)	(12,518)	(4,128)	(21,599)
Balance, September 30, 2015	**$ –**	**$ –**	**$ 1,200**	**$ 1,200**

Net carrying amounts	**Furniture and office equipment**	**Computer equipment**	**Leasehold improvements**	**Total**
Balance, September 30, 2014	$ 24,767	$ 1,238	$ 24,768	$ 50,773
Balance, September 30, 2015	**$ –**	**$ –**	**$ 11,588**	**$ 11,588**

8. INTANGIBLE ASSETS

The changes in the carrying amount of intangible assets are shown below:

	Curriculum	**Trade name**	**Total**
Balance, September 30, 2013	$ –	$ –	$ –
Additions	50,000	200,000	250,000
Balance, September 30, 2014	50,000	200,000	250,000
Additions	163,711	–	163,711
Balance, September 30, 2015	**$ 213,711**	**$ 200,000**	**$ 413,711**

As at September 30, 2015 and 2014, the Company's curriculum is still in the development stage and will not be depreciated until the curriculum is in full use.

9. RELATED PARTY TRANSACTIONS

a) At September 30, 2015, the Company was indebted to the Chief Executive Officer ("CEO") of the Company for $21,500 (2014 - $Nil), which is non-interest bearing, unsecured and due on demand.

b) At September 30, 2015, the Company was indebted to a director of the Company for $100,000, pursuant to a promissory note dated September 30, 2014. The amount is non-interest bearing, unsecured and was due on September 30, 2015. Subsequent to September 30, 2015, the Company entered into an agreement to extend the maturity date to December 1, 2016 (Note 19).

c) At September 30, 2015, the Company was indebted to a director of the Company for $26,000, pursuant to a promissory note dated August 12, 2015. The amount is unsecured, non-interest bearing and was due on September 12, 2015. Pursuant to the promissory note, a one-time interest charge of $1,000 is payable as the amount was not paid by the maturity date. In addition, interest of 1% compounded monthly is due on the outstanding principal and interest. At September 30, 2015, the Company recognized accrued interest of $163.

d) During the year ended September 30, 2015, the Company paid salaries and benefits of $108,300 (2014 - $Nil) to the CEO of the Company, $78,750 (2014 - $Nil) to the Chief Financial Officer ("CFO") of the Company, and $Nil (2014 - $34,291) to a company of which the CFO of the Company is a director.

e) During the year ended September 30, 2015, the Company granted 750,000 stock options with a fair value of $61,810 (2014 - $Nil) to directors and officers of the Company.

f) During the year ended September 30, 2015, the Company paid rent of $Nil (2014 - $5,000) to a company controlled by an officer of the Company. At September 30, 2015, the Company owed the company controlled by an officer of the Company $Nil (2014 - $3,150), which has been included in accounts payable and accrued liabilities.

10. LOANS PAYABLE

At September 30, 2015, the Company was indebted for $30,000, pursuant to a promissory note dated September 29, 2015. The amount is unsecured, bears interest at 1% per month and was due on October 29, 2015.

11. CONVERTIBLE DEBENTURES

On September 30, 2014, AES issued 0% convertible debentures to directors and officers of AES in the amount of $205,750, which were due and payable on September 30, 2016. The debentures were convertible into common shares of AES at $0.04 per share.

Upon issuance of the debentures, AES recorded a liability of $170,041. The liability component is being accreted using the effective interest rate method. The amount was calculated using a discount rate of 10%. The estimated fair value of the holders' options to convert the debentures into common shares in the amount of $35,709 has been separated from the fair value of the liability and is included in equity.

During the year ended September 30, 2015, all $205,750 of the convertible debentures were converted into 5,143,750 common shares of AES at $0.04 per share.

12. LONG-TERM LIABILITIES

The Company is in dispute with the British Council as a result of loss of business opportunity and related revenues after the sale of the Company's domain IELTS.ca to the British Council. The Company is currently reviewing legal advice regarding how much monetary compensation the Company should be seeking to meet the requirement of sufficient remedy. In the interim, management is of the opinion that any liability which may exist should be classified as long-term due to the British Council's failure to meet the terms and conditions associated with their acquisition of the IELTS.ca domain from the Company. As at September 30, 2015, $196,245 (2014 - $Nil) were owing to the British Council and the Company does not intend to pay the amounts owing in the next 12 months until the dispute is settled.

(Expressed in Canadian dollars)

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

a) On April 14, 2015, the Company issued 10,000 shares for proceeds of $50.

b) On June 10, 2015, the Company issued 26,812,610 common shares to the shareholders of BHR Capital Corp. on a 1:1 basis pursuant to an Arrangement Agreement (Note 4). In connection with the Arrangement Agreement, the Company cancelled 10,000 common shares which were previously outstanding and issued 396,600 common shares in exchange for 1,000 shares of Cervantes Capital Corp.

c) At September 30, 2015, the Company received share subscriptions of $100,000, pursuant to the issuance of 500,000 units at $0.20 per unit. Each unit will include one common share and one share purchase warrant exercisable at $0.40 per share for a term of 2 years (Note 20).

14. SHARE PURCHASE WARRANTS

The following table summarizes information about the warrants issued for the year ended September 30, 2015:

	Number of warrants	Weighted average exercise price
Outstanding, September 30, 2014 and 2013	–	–
Issued	4,408,730	$ 0.16
Outstanding, September 30, 2015	**4,408,730**	**$ 0.16**

The following table summarizes information about warrants outstanding as at September 30, 2015:

Exercise Price	Expiry date	Warrants outstanding
$ 0.10	February 25, 2016	1,075,000
$ 0.10	March 6, 2016	625,000
$ 0.10	April 15, 2016	525,000
$ 0.10	April 17, 2016	375,000
$ 0.25	April 22, 2017	736,600
$ 0.25	May 1, 2017	1,072,130
		4,408,730

(Expressed in Canadian dollars)

15. STOCK OPTIONS

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares and no one person may receive in excess of 5% of the outstanding common shares of the Company. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than $0.10 per share or the market price (less permissible discounts) on the TSX Venture Exchange. Options can have a maximum term of five years. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price
Outstanding, September 30, 2014 and 2013	–	–
Granted	1,200,000	$ 0.10
Outstanding, September 30, 2015	**1,200,000**	**$ 0.10**

Additional information regarding stock options outstanding as at September 30, 2015, is as follows:

Outstanding			Exercisable	
Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options	Weighted average exercise price
1,200,000	4.5	$ 0.10	1,200,000	$ 0.10

The fair value of stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2015
Risk-free interest rate	0.73%
Expected life (in years)	5
Expected volatility	120%

The fair value of stock options vested during the year ended September 30, 2015, was $98,896 which has been included in salaries and benefits. The weighted average fair value of stock options granted during the year ended September 30, 2015, was $0.08 per stock option.

16. RISK MANAGEMENT

i) Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk, and market risk. This section contains information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

ii) Fair value of financial instruments

The fair values of cash, available-for-sale investments, accounts receivable, accounts payables and accrued liabilities, and loans payable approximate their carrying values due to the short term maturity of those instruments. The fair value of the bond deposit approximates its carrying value as it bears interest at market floating rates or fixed rates consistent with market rates for similar instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

iii) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash, and accounts receivables. The Company's maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company reduces its credit risk by: maintaining its bank accounts at large financial institutions, and monitoring accounts receivables. The Company has no past due or impaired receivables.

iv) Liquidity risk

Liquidity risk is the risk of the Company's inability to meet its financial obligations as they come due. As at September 30, 2015, the Company had a working capital deficiency of $252,443 (2014 - $327,653). The Company is focused on generating more revenue and is actively pursuing additional sources of financing to ensure that it can meet its on-going operating requirements and planned capital expenditures. The Company has no current commitments for capital expenditures as of the date hereof. There is no assurance that the Company will be successful in these initiatives.

v) Currency risk

The Company is not currently exposed to the financial risk related to the fluctuation of foreign exchange rates.

vi) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2015, the Company did not have any financial instruments subject to significant interest rate risk.

(Expressed in Canadian dollars)

16. RISK MANAGEMENT (continued)

vii) Capital management

The Company defines capital as share capital, reserves, subscriptions received and deficit. The Company's objective is to ensure that capital resources are readily available to meet its approved capital expenditure program and to take advantage of attractive acquisition opportunities as they arise.

The Company sets its capital structure in proportion to risk. The Company continually monitors economic and general business conditions and makes adjustments accordingly to maintain or adjust the capital structure. For the capital structure, the Company may purchase and cancel shares pursuant to issuer bids or issue new shares. In order to maximize on-going development efforts, the Company does not pay out dividends.

17. COMMITMENTS

As at September 30, 2015, the Company had two leases for school facilities, located in Vancouver and Halifax. Subsequent to September 30, 2015, the Company sold its subsidiary, International Language Institute Ltd., which included the Halifax lease.

The future minimum lease payments, including operating costs and taxes, as of September 30, 2015, under the Vancouver lease are:

2016	$ 124,262
2017	124,262
2018	10,355
	$ 258,879

18. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

Subsequent to September 30, 2015, the Company entered into an agreement to sell all of the issued and outstanding securities of International Language Institute Ltd. to an arm's-length third party. The transaction closed on October 23, 2015 (Note 20).

Assets that are held for disposal are classified as discontinued operations and are valued at the lower of their carrying amounts and fair value less costs to sell. The Company presents assets and liabilities associated with assets held for sale separately from the Company's other assets and liabilities. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Net income (loss) of the discontinued operations with gain or loss recognized on disposal are combined and presented in the statement of comprehensive income (loss) and cash flows are to be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company. International Language Institute Ltd. meets the criteria to be classified as assets held for sale and discontinued operations as of September 30, 2015 and therefore, assets and liabilities of International Language Institute Ltd. have been classified as assets and liabilities held for sale and the results of operations of International Language Institute Ltd. for all periods have been classified as discontinued operations.

(Expressed in Canadian dollars)

18. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

International Language Institute Ltd.		September 30, 2015
ASSETS		
Current		
Cash	$	8,965
Accounts receivable		18,010
Prepaid expenses		2,195
Inventory		14,000
		43,170
Non-current assets		
Property and equipment (Note 7)		71,800
TOTAL ASSETS	$	114,970
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	$	142,822
Deferred revenue		38,030
TOTAL LIABILITIES	$	180,852

International Language Institute Ltd.		Year ended September 30, 2015
Revenue		
Tuition fees	$	657,517
Testing and other income		80,002
		737,519
Direct costs		(424,904)
		312,615
Expenses		
Bank charges		14,310
Depreciation		21,599
Insurance		10,720
Marketing and advertising		30,715
Occupancy costs		276,763
Office and administration		161,462
Professional fees		16,454
Salaries and benefits		457,616
		989,639
Net loss and comprehensive loss for the year	$	(677,024)

(Expressed in Canadian dollars)

19. INCOME TAXES

The Company and its subsidiaries are subject to income taxes in Canada on its taxable income as reported in its statutory accounts at a tax rate in accordance with the relevant income tax laws.

a) Income tax expenses

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2015	2014
Statutory tax rate	**26%**	26%
Income tax recovery at statutory rate	**$ (409,000)**	$ (7,000)
Increase (reduction) in income taxes:		
Non-deductible items	**26,000**	–
Financing fees	**(16,000)**	–
Tax assets acquired from business combination	–	(124,000)
Tax assets not recognized	**399,000**	131,000
Total income tax recovery	**$ –**	$ –

b) Deferred income taxes

Deferred income taxes result primarily from differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. The Company has temporary differences between the tax and accounting bases of assets. The temporary differences that give rise to deferred income tax assets (liabilities) at September 30, 2015 and 2014 are as follows:

	2015	2014
Deferred tax assets and liabilities		
Non-capital losses carried forward	**$ 369,000**	$ 85,000
Property and equipment	**73,000**	47,000
Intangible assets and goodwill	**76,000**	–
Share issue costs	**13,000**	–
Deferred tax asset not recognized	**(531,000)**	(132,000)
Net deferred tax assets (liabilities)	**$ –**	$ –

As at September 30, 2015, the Company has non-capital losses carried forward of approximately $1,424,000 (2014 - $330,000), which expire through to 2035.

20. SUBSEQUENT EVENTS

a) On October 1, 2015, the Company issued 500,000 units at $0.25 per unit for proceeds of $125,000. Each unit includes one common share and one share purchase warrant exercisable at $0.50 per share for a term of 18 months.

b) On October 16, 2015, the Company issued 100,000 units at $0.25 per unit for proceeds of $25,000. Each unit includes one common share and one share purchase warrant exercisable at $0.50 per share for a term of 18 months.

c) On October 23, 2015, the Company entered into a share purchase agreement to sell all of the issued and outstanding securities of International Language Institute Ltd. to an arm's-length third party in consideration for $102.

d) On November 2, 2015, the Company entered into an agreement with a director of the Company to extend the maturity date of a promissory note in the amount of $100,000. In exchange for $20,000, the lender agreed to extend the maturity date to December 1, 2016.

20. SUBSEQUENT EVENTS (Continued)

e) On November 19, 2015, the Company issued 1,000,000 units at $0.25 per unit for proceeds of $250,000. Each unit includes one common share and one share purchase warrant exercisable at $0.50 per share for a term of 18 months.

f) On November 23, 2015, the Company issued 500,000 units at $0.20 per unit for proceeds of $100,000. Each unit includes one common share and one share purchase warrant exercisable at $0.40 per share for a term of 2 years.

SCHEDULE B

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ANTERIOR EDUCATION HOLDINGS LTD.

Management's Discussion and Analysis
For the Year Ended September 30, 2015
Prepared as of December 23, 2015

Contact Information
Anterior Education Holdings Ltd. (the "Company")
900-549 Howe Street, Vancouver
Vancouver, B.C. V6C 2C2
Telephone: (604) 669-2930

General

The following discussion and analysis, prepared as of December 23, 2015 should be read together with the audited financial statements for the year ended September 30, 2015 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Description of Business

The Company was incorporated in the Province of British Columbia on April 14, 2015 under the *Business Corporations Act* (British Columbia). The Company's principal business focuses on Canadian English as a Second Language ("ESL") education and licensing of its digital curriculum, which the Company has named the "*Cloud Nine ESL Program*" to ESL providers including independent ESL schools, universities and high schools. Effective June 10, 2015 the Company completed a Plan of Arrangement with BHR Capital Corp. ("BHR") and Cervantes Capital Corp. ("Cervantes"), whereby the Company became a reporting issuer, and BHR, including its wholly-owned subsidiaries, became a wholly-owned subsidiary of the Company. The Company's registered office is at Suite 900, 549 Howe Street, Vancouver, British Columbia V6C 2C2.

The consolidated financial statements include the accounts of the Company and the following entities:

BHR Capital Corp. ("BHR")	Wholly-owned subsidiary of the Company
Anterior Educational Systems Ltd. ("AES")	Wholly-owned subsidiary of BHR
International Language Institute Ltd. ("ILI")	Wholly-owned subsidiary of AES
English Canada World Organization Inc. ("EC")	Wholly-owned subsidiary of AES

Canadian ESL Market

Within Canada, the education market generates approximately $6.5 billion per year, employing over 83,000 people. The ESL market in particular generates approximately $745 million annually and services approximately 30,000 foreign students each year (Industry Canada 2009).

The industry is highly fragmented and competition for foreign students is fierce. As a result, tuition fees are being pushed lower at the cost of corporate profitability. While this may seem an opportune time to consolidate the industry, recent events have resulted in ESL providers expecting unrealistic prices for their schools. Internal growth today, while slower, seems much more cost effective and mitigates the risks of acquiring a collection of overpriced businesses that are struggling to survive.

International ESL Market

The international ESL market continues to expand. The British Council has projected that by 2020 more than 2 billion people per year will be studying English. Without question the language of both business and science is English. There is no indication that this trend will abate or end in the foreseeable future.

However, for every student who is able to travel abroad to learn English, there are thousands of other who are required to study ESL in their own countries. With the worldwide proliferation of the smart phone, the tablet and the computer, today's ESL students are seeking out new ways to gather information and learn about what interests them. There are very limited choices for the hundreds of millions of ESL students currently seeking a functional, mobile and accessible ESL curriculum in their own country. At the same time, teachers need, and are seeking out, more efficient methods of compiling and transmitting information to their students, whilst administrators want to ensure budgetary restraint. The Company's management is of the view that in today's international ESL market, companies with a digital based curriculum that is cost efficient, and comes with teacher training and certification, face limited competition and have vast opportunities before them.

Overall Performance

Digital Curriculum Development

While continuing to increase enrolment at its own ESL school, the Company plans to diversify its position within the education sector and focus on generating revenues through the sale of its own digital ESL curriculum, the Cloud Nine ESL Program, as mentioned above. The Company has been developing the Cloud Nine ESL Program since its acquisition of ILI in September, 2014. Lessons are ranked within the internationally recognized Common European Frame of Reference ("CEFR"), as designed by the Council of Europe[1] to provide a transparent, coherent and comprehensive basis for the elaboration of language syllabuses and curriculum guidelines, the design of teaching and learning materials, and the assessment of foreign language proficiency. All course materials are stored in a Google drive program designed for educators. Teachers are able to manage data flow and to restrict documents that may not be edited. Every student has a folder and teachers can access all of a student's work at any given time.

Students use their smart phones, tablets or computers to access and collaborate on classroom work and home study assignments. No textbooks to carry around and no more loose paper to keep track of. Students can access their course materials individually or share their page and work concurrently with others on the same page at the same time. Teachers use their devices to distribute, retrieve, store and catalogue the students' work. Instructors are able to assist students with their studies at home with online guidance to ensure the main themes of lessons are understood. Study sessions from multiple remote locations changes homework from a solitary exercise into a group activity. Students are able to learn from and support their fellow students.

ESL School Locations

The Company's management team is intrinsically involved in the recruitment and education of foreign students in Vancouver, BC. The Company anticipates retaining and maintaining its current ESL location

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[1] *Common European framework of reference for languages: learning, teaching assessment <http://www.coe.int/t/dg4/linguistic/cadre1_en.asp>*

in Vancouver, although this will not significantly contribute to the Company's overall business going forward.

On October 23, 2015, the Company entered into Share Purchase Agreement to sell all of the issued and outstanding securities of ILI to an arms-length third party as the Company's management determined that the Halifax, NS, campus run by ILI was no longer sustainable, due to a couple of main reasons: certain funding previously available for the Halifax school through a scholarship program provided by Saudi Arabia was discontinued and there was difficulty attracting new ESL students to the location.

Pilot Projects 2015

Two pilot projects comprised of four weeks each were conducted in Halifax in June, 2015. The programs used the Cloud Nine ESL Program exclusively and were highly successful. Students commented on how easy the curriculum was to use. Both programs have been reconfirmed for 2016 with plans and enrollment is already 20% above the 2015 contingent with several months left to market to program and attract more students.

Curriculum Revenue

Revenues are to be generated by charging students a curriculum fee of $10 to $12 per month in lieu of the text book fee currently being applied. Schools which integrate the Cloud 9 ESL Program into the course they offer will share in the revenues generated by their students as noted subsequently. The business model requires 5,000 users to cover ongoing development, marketing and costs of delivery with the objective of attracting up to one million users over the next five years.

The Company is working with the Canadian officials in Chile and Brazil to identify universities, high schools and large ESL providers who may have expressed an interest in implementing the Cloud Nine ESL Program. A delegation from the Company traveled to South America in June 2015 to meet officials from companies and institutions which had been recommended by Canadian consulates in Santiago, Chile and in São Paulo and Rio de Janeiro in Brazil. The Company is in advanced discussions with several of those parties and a number of pilot projects are pending; however, for reasons described below, the Company has decided to focus on the Mexican market as opposed to the Chilean market for the foreseeable future.

Future plans and outlook

The past 12- to 18-month period has demonstrated that the ESL market in Canada will be a difficult one in which to benefit shareholders solely through a consolidation of ESL schools across the country. There are many reasons for this, including: a finite number of students coming to Canada to learn ESL juxtaposed with an overabundance of schools to facilitate their interests; schools outside of Vancouver and Toronto markets that have proven to be extremely difficult to operate profitably within; agents who recruit students for Canadian ESL schools at a cost of 25 to 40% of tuition; and the rising cost of teachers and the ever increasing expenses associated with overseas marketing.

Perhaps the best examples of failure to profit from a consolidation of ESL schools is shown by the attempts of other public companies to consolidate ESL assets in Canada. These undertakings led to significant financial losses by the said public entities resulting in a vast erosion in shareholder valuation. For its own part, the Company has suffered a similar result since commencing ESL operations in September 2014 and recently determined it was in the Company's best interest to divest itself of its Halifax ESL assets, being the sale of ILI, which took place in October 2015. The Company also determined at the time of the sale of ILI that it was not economically viable for EC, one of the subsidiaries of AES, to continue providing the IELTS test in Atlantic Canada.

The Company's management team is of the view that every attempt to consolidate or otherwise benefit from ESL assets in Canada will meet with the same result unless a fundamental element is added or changed that provides an opportunity to differentiate the Company from other ESL providers, such as the addition of a significant and reoccurring revenue stream outside of simple tuition and an ability to generate revenues outside of simply teaching ESL to students in Canada.

While there are hundreds of ESL schools in Canada competing to teach English to domestic students and the 30,000 to 50,000 foreign students who come here to study each year, there are very few ESL curriculum developers who endeavour to meet the needs of hundreds of millions of students internationally who seek to develop their English language skills. When one seeks to locate curriculum developers who provide digital based ESL study programs, the number is only a select few.

With this understanding in place, the Company's management team believes the best opportunity to develop into a profitable operation is to position itself as a digital based ESL curriculum developer and provider for students studying English in Canada and around the world.

There are several reasons the Company has arrived at this decision. First, today's typical ESL student wants a more dynamic, interactive and up to date current curriculum than can be provided through traditional text book study programs. Second, such a curriculum will clearly differentiate the Company from other ESL providers. Third, it will relieve the Company of the ongoing expenses related to recruiting ESL students as well as the costs associated with the instructors required to deliver the programs. Fourth, and most importantly, a digital curriculum will enable the Company to generate a very strong, recurring revenue stream with a high margin of profitability. Once the base digital curriculum is developed, it requires limited personnel to keep it going whilst continuing to add additional ESL schools, universities and technical institutes to its client base.

Company target and the timeline (digital curriculum development and pilot projects, etc.)

As noted under the heading above, "*Digital Curriculum Development*", the Company has spent the past 12 months developing its own, proprietary, digital based ESL curriculum called the Cloud Nine ESL Program. The system is based on the CEFR (defined above), which determines ESL proficiency and is recognized around the world as an effective tool for evaluating English language abilities.

Following two highly successful demo programs delivered in Halifax in July 2015, as mentioned above under the heading "*Pilot Projects 2015*", the Company has designed two, 6 week pilot curriculums that prospective institutions can use at no cost to test Cloud 9 ESL Program in order to ensure it meets its administrative and academic objectives. It is important to understand that a change in curriculum is not a simple decision for school administrators to make. Institutions will want to test and review any new studies program before replacing the one currently being used. The aforementioned pilot curriculums are thorough, comprehensive and specifically designed to meet this criteria.

Following a marketing research trip to South America in June 2015, the Company determined that it should continue to focus on the Brazilian market and also, instead of the Chilean market, the Mexican market, in order to develop its initial client base. The reason for selecting these two countries is due to the size of their population (280 million and 120 million people, respectively), their low ESL proficiency, and the ongoing interest in developing ESL skills. Management noted that Mexico has a population of 120 million versus 20 million in Chile. Other reasons for choosing to focus on the Mexican versus Chilean market include that the Company has an active distributor in Mexico who is keen to sell the Cloud Nine ESL Program and that the new Liberal government in Canada has officially stated the visa requirements for Mexican visitors and students will be lightened, which will make it much easier for ESL students to come to Canada.

In order to achieve the best possible understanding of, and maximum penetration into these markets, the Company will work with regional distributors for a couple of reasons. First, the Company will benefit from their market understanding and cultural sensitivities and second, using regional distributors provides a measure of comfort and security for prospective clients.

In Brazil, the Company will work with Target Language Services (“Target Language”), located in São Paulo. Target Language has been operating an ESL school in São Paulo for more than 20 years, is highly regarded and has an ESL teacher training program that complements the Cloud Nine ESL Program very well. Schools that integrate the Cloud Nine ESL Program will receive training in how to use the program as well as ESL training and certification at no additional cost.

In Mexico, the Company will work with the management team at You Can Learn (“YCL”), which assists with recruitment of students and connections with ESL providers. The senior principal at YCL has been operating in the Mexican market for more than 5 years and has developed a reputation as a well-respected provider of international education services.

Working in tandem with these distributors, the Company will utilize the services of the Canadian government embassies and consulates to assist in securing introductions to prospective and interested parties as the Company did during the marketing trip to South America in 2015.

The Company is currently completing its first pilot program in Brazil and already has two more pilot projects scheduled to commence in Mexico in February, 2016. Going forward, the Company anticipates that, between Brazil and Mexico, it will generate two to four pilot programs per month, beginning in February, 2016. The Company expects to continue this trend from February through June 2016, at which time 10 to 20 pilot programs will have been started or completed. Given that institutions will not undertake the pilot program unless there is genuine interest in adopting a digital curriculum to begin with, the Company expects that at least one out of every four pilot programs will result in a successful integration of the Cloud Nine ESL Program.

While some institutions the Company met with in June, 2015 had in excess of 100,000 students, the more common enrolment is expected to range from 1,000 to 10,000 students with a mean of 1,500 to 2,000 students. Using this more conservative scale, the Company expects to have between 5,000 to 10,000 users by December, 2016.

The Company intends to charge users $10 per month per user in South America to access the Cloud Nine ESL Program for a period of 10 months per year to properly account for any holiday periods. In North America the monthly fee is anticipated to be $45 per month per user and in South Korea, Japan and the Middle East the Company expects to charge $25 per month, per user. Students at the Company’s Vancouver ESL school currently pay $65 per month for textbooks and materials.

Student users will subscribe to the program directly through the Company’s website and the curriculum fee will replace the textbook fee currently being charged. Of this fee, 15% will go to the distributor, who will share in the cost of technical support with the Company. An additional 10% of the fee will be provided to the institutions that integrate the Cloud Nine ESL Program. A further 15% of the fee will be used to cover the cost of staffing and ongoing development and 20% will be allocated towards promotion and technical support.

The Company intends to continue operating its ESL school in Vancouver and will seek to expand into the Toronto market once a listing on a Canadian securities exchange has been secured. These schools will serve two important functions for the Company. The first is to provide a practical place in which to test and refine ongoing curriculum content, pedagogy and methodology. The second is to provide a showroom of sorts for the Cloud Nine ESL Program. The Company does not intend to expand outside of these two markets for the reasoning provided in this analysis.

Competitive Advantages

Teacher training has been identified as a central issue of decision makers considering the Cloud Nine ESL Program and companies alike want to know the curriculum they choose is properly supported. The Company officials are even aware of other examples of where the lack of training and support limited or eliminated opportunities for curriculum sales.

The Company's recognition as an ESL teacher training center was well received in South America and continues to be a prime selling feature of the Cloud Nine ESL Program. The Company's management intends to take advantage of its competitive advantage by offering the teacher training and certification free of charge. It is a nominal cost next to the projected revenue that comes from an institution integrating the Cloud Nine ESL Program into their study program. As far as management has determined so far, no other ESL curriculum in Brazil or Chile currently provides this service.

The Company will continue its rich tradition of ESL teacher training to ensure there is adequate support for the Cloud Nine ESL Program. In this regard, the Company was recently approved by Cambridge University in Vancouver, BC and in Nova Scotia to provide the highly regarded Certificate in English Language Teaching to Speakers of Other Languages (CELTA) teacher training both in-class and on-line.

Short-Term Focus

Given the vast size of the South American population and the welcoming response to the Cloud Nine ESL Program in June 2015, the Company intends to focus on developing a market penetration in the region before considering other expansion opportunities.

Cost Projection

The projected cost to bring the Cloud Nine ESL Program to profitability is $1.3 million. This estimate includes maintaining current operations and continuing to develop industry specific ESL programs in hospitality, business and nursing within the Cloud Nine ESL Program. The projection also anticipates the development of a suitable method by which to manage data flow and retain control over revenues generated through the sale of the Cloud Nine ESL Program.

The Company intends to conduct a series of small financings over the calendar year in order for the Company's requirements to be met.

Selected Financial Information

A summary of selected financial information for the year ended September 30, 2015 is as follows:

	Year ended September 30, 2015
Total assets	788,601
Intangible assets	413,711
Goodwill	-
Working capital (deficit)	(252,334)
(Deficit)/Equity	(61,660)
Revenue	1,262,704
(Loss)/Income	(1,571,288)
(Loss)/Income per share - continuing	(0.45)
(Loss)/Income per share - discontinued	(0.34)

For the year ended September 30, 2015, the Company reported no changes in accounting policy and declared no cash dividends. As at September 30, 2015 the Company had cash of $12,873 and working capital deficit of $252,334, which includes deferred revenue of $107,148. The Company plans to raise more capital once its common shares are approved to trade on a Canadian securities exchange.

The increase in intangible assets is due to the addition of the new Cloud Nine ESL Program, which the Company is currently developing. The Company estimates that the project as a whole is roughly 50% complete.

Summary of Quarterly Results

Prior to the acquisition of ILI and EC, the Company had no schools and thus had limited expenses including occupancy costs, office and administration, and salaries and benefits.

	4th Quarter	3rd Quarter
Three months ended	**Sep 30, 2015**	**Jun 30, 2015**
Tuition fees	222,569	262,172
Testing and other income	59,811	355,785
Direct costs	274,075	345,139
Expenses	291,592	(541,848)
Other expenses	(296,709)	(10,000)
Impairment of goodwill	(290,575)	-
Net loss	463,358	(279,030)
Loss per share-basic and diluted	0.01	0.01

The Company became a reporting issuer after completing the Arrangement with BHR and Cervantes on June 10, 2015. Prior to this date, the Company had not prepared quarterly financial statements and thus have not been provided.

The fourth quarter financial results do not include the results of ILI as the results of operations of ILI have been classified as discontinued operations. The loss related to ILI for the year ended September 30, 2015 is $677,024.

The decrease in testing and other income: In July 2015, the Company closed all of its International English Language Testing System (“IELTS”) test centres, which were run by EC, including its Vancouver centre, due to uneconomical conditions. The costs to carry out the tests were too high in the Atlantic region and the weakening of the Canadian dollar against the British Pounds (decrease of more than 30% in the last 3 years) made it financially unviable for the Company to keep offering the IELTS tests.

Other expenses of $296,709 include impairment of goodwill $290,575 (from the purchase of ILI).

The Company’s results for 2015 are discussed throughout this document, with further information disclosed for previous quarters within the respective quarterly financial statements and related management’s discussion and analysis filed under the Company’s profile on SEDAR.

Results of Operations

During the year ended at September 30, 2015, the Company incurred a net loss of $1,571,288. The Company incurred $78,428 for professional fees related to a purchase of a new school in Vancouver and with respect to the going public process. The professional fees are higher than would typically be incurred due to the purchase of ILI and EC, with operations in Halifax, and the opening of a Vancouver campus.

Prior to the acquisition of ILI and EC, the Company had no schools and thus had limited expenses including occupancy costs, office and administration, and salaries and benefits.

On August 7, 2015, the Company gave employment termination notices to the General Manager and the Marketing Manager at the Halifax campus, who were past owners of ILI and EC. Also, the Cloud Nine ESL Program team members have been reduced to only two full time staff in October 2015. This will reduce the wages by roughly $15,000 per month starting in November 2015.

As mentioned above, subsequent to September 30, 2015, the Company entered into an agreement to sell all of the issued and outstanding securities of ILI to an arms-length third party. During the year ended September 30, 2015, the Company recognized impairment of the goodwill of $290,575, due to the sale of ILI.

Liquidity and Capital Resources

As at September 30, 2015, the Company had cash of $12,873 and a working capital deficit of $252,443, including deferred revenue of $107,148. The changes in cash and working capital are attributed to the fact that the Company closed a financing by way of a private placement.

In October 2015, subsequent to year end, the Company raised a total of $500,000 by way of private placements.

On November 2, 2015, the Company entered into an agreement with a director of the Company to extend the maturity date of a promissory note in the amount of $100,000. In exchange for $20,000, the lender agreed to extend the maturity date to December 1, 2016.

Related Party Transactions

At September 30, 2015, the Company was indebted to the Chief Executive Officer ("CEO") of the Company for $21,500, which is a non-interest bearing, unsecured and due on demand.

At September 30, 2015, the Company was indebted to a director of the Company for $100,000, secured by a promissory note dated September 30, 2014. The loan is non-interest bearing and was initially due and payable on September 30, 2015. Subsequent to September 30, 2015, the Company entered into an agreement to extend the maturity date to December 1, 2016.

At September 30, 2015, the Company was indebted to a director of the Company for $26,000 secured by a promissory note dated August 12, 2015. The loan is non-interest bearing and was due and payable on September 12, 2015. Pursuant to the terms of the promissory note, a one-time interest charge of $1,000 is payable as the loan amount was not repaid by the original maturity date.

During the year ended September 30, 2015, the Company granted 750,000 stock options with a fair value of $61,810 to directors and officers of the Company.

During the year ended September 30, 2015, the Company paid salaries and benefits of $108,300 to the CEO of the Company, $78,750 to the Chief Financial Officer of the Company.

The Company did not incur any directors' fees in 2015.

Summary of key management personnel compensation for the year ended September 30, 2015:

	2015	2014
Wages and salaries	$187,050	$35,116
Share-based compensation	$61,810	Nil
Totals:	$248,860	$35,116

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors of the Company,

Going concern

The Company has incurred a net loss in the year in the amount of $1,571,288. As at September 30, 2015, the Company had a working capital deficit of $252,443 and an accumulated deficit of $1,602,807. The operating and cash flow results raise uncertainty about the ability of the Company to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. The above facts indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements have been prepared on the basis the Company will operate as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

In October 2015, subsequent to year end, the Company raised a total of $500,000 by way of private placements.

Contractual Obligations

The Company is committed to minimum rental amounts for a long-term, five-year lease commencing March 1, 2015 for campus premises in Vancouver, BC. The lease payment pursuant to the lease is $10,872/month.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

Risks and Uncertainties

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

a) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and sundry receivable. Cash and cash equivalents balances are held with a reputable financial institution, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivable is remote.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a cash balance of $12,873 to settle current liabilities of $473,164 including deferred revenue of $107,148. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company is not involved in any hedging program, nor is it a party to any financial instruments that may have an impact on its financial position.

Critical Accounting Policies

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the audited financial statements for the year ended September 30, 2015.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of school operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, capital stock and accumulated deficit.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended September 30, 2015. The Company is not subject to externally imposed capital requirements.

Subsequent Events

On October 1, 2015, the Company issued 500,000 units at $0.25 per unit pursuant to a private placement for proceeds of $125,000. Each unit includes one common share and one share purchase warrant exercisable at $0.50 per share exercisable for a term of 18 months. Concurrently with the closing of the private placement, the Company paid a finder's fee, $10,000 in cash and 40,000 brokers warrants exercisable to purchase one common share at a price of $0.50 per share for 18 months.

On October 16, 2015, the Company issued 100,000 units at $0.25 per unit pursuant to a private placement for proceeds of $25,000. Each unit includes one common share and one share purchase warrant exercisable at $0.50 per share for a term of 18 months. Concurrently with the closing of the private placement, the Company paid a finder's fee, $2,000 in cash and 8,000 brokers warrants exercisable to purchase one at a price of $0.50 per Share for 18 months.

On October 23, 2015, the Company entered into Share Purchase Agreement to sell all of the issued and outstanding securities of International Language Institute Ltd. to an arms-length third party in consideration for $102.

On November 6, 2015, the Company entered into a letter agreement with a lender pursuant to which the lender agreed to extend the maturity date for certain indebtedness owed by the Company to the lender to December 1, 2016 in exchange for an additional payment of $20,000.

On November 19, 2015, the Company issued 1,000,000 units at $0.25 per unit pursuant to a private placement for proceeds of $250,000. Each unit includes one common share and one share purchase warrant exercisable at $0.50 per share for a term of 18 months.

On November 23, 2015, the Company issued 500,000 units at $0.20 per unit pursuant to a private placement for proceeds of $100,000. Each unit includes one common share and one share purchase warrant exercisable at $0.40 per share for a term of 24 months.

Outstanding Share Data

The Company's authorized capital is an unlimited number of common shares without par value. The following table summarizes the outstanding share capital as of December 23, 2015:

Issued and outstanding common shares at December 23, 2015:	**29,309,210**
Total Warrants outstanding at December 23, 2015, detailed below:	**6,556,730**

	Number of Warrants	Exercise price	Expiry date
	1,075,000[(1)]	$0.10	February 25, 2016
	625,000[(1)]	$0.10	March 6, 2016
	525,000[(1)]	$0.10	April 15, 2016
	375,000[(1)]	$0.10	April 17, 2016
	736,600[(1)]	$0.50	April 22, 2017
	1,072,130[(1)]	$0.50	May1, 2017
	540,000	$0.50	April 1, 2017
	108,000	$0.50	April 16, 2017
	1,000,000	$0.50	May 19, 2017
	500,000	$0.40	November 23, 2017
Total:	**6,556,730**		

(1) These are half warrants, meaning each is exercisable to purchase one half of one common share of the Company.

	Number of Options	Exercise price	Expiry date
Total Options outstanding:	**1,200,000**	$0.10	April 2, 2020
Fully diluted at December 23, 2015	37,065,940		

The Company has a stock option plan (the "Plan") for directors, officers, key employees and consultants of the Company. The number of common shares subject to the options granted under the Plan is limited to

10% of the issued and outstanding common shares of the Company and no one person may receive in excess of 5% of the outstanding common shares of the Company.

Management's Responsibility for Financial Information

The Company's financial statements are the responsibility of the Company's management, and have been approved by the board of directors. The financial statements were prepared by the Company's management in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The financial statements include certain amounts based on the use of estimates and assumptions. Management of the Company has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Approval

On December 23, 2015, the Board of Directors of the Company has approved the disclosure contained in this Management's Discussion and Analysis.

SCHEDULE C

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INTERNATIONAL LANGUAGE INSTITUTE LTD.

FINANCIAL STATEMENTS

For the year ended September 30, 2014

(Expressed in Canadian Dollars)

(Unaudited)

INTERNATIONAL LANGUAGE INSTITUTE LTD.
Statement of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	September 30, 2014	September 30, 2013
ASSETS		
Current		
Cash	**$ 18,527**	$ 122,181
Accounts receivable	**48,075**	122,245
Inventory	**18,944**	25,706
Prepaid expenses	**44,751**	8,843
Due from related company	**-**	59,709
	130,297	338,684
Non-current assets		
Property and equipment (Note 3)	**49,746**	72,120
TOTAL ASSETS	**$ 180,043**	$ 410,804
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 109,759**	$ 181,012
Due to related companies	**174,932**	-
Deferred revenue	**109,436**	163,930
TOTAL LIABILITIES	**394,127**	344,942
(DEFICIENCY) EQUITY		
Share capital (Note 5)	**101**	101
(Deficit) retained earnings	**(214,185)**	65,761
TOTAL (DEFICIENCY) EQUITY	**(214,084)**	65,862
TOTAL LIABILITIES AND (DEFICIENCY) EQUITY	**$ 180,043**	$ 410,804

"Michael Hunter" (Signed)
Director

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL LANGUAGE INSTITUTE LTD.
Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	September 30, 2014	September 30, 2013
Revenue		
Tuition fees – Standard programs	**$ 867,059**	$ 1,134,064
Tuition fees – Special programs	**145,000**	458,174
Testing and other income	**242,698**	146,647
	1,254,757	1,738,885
Direct costs	**(515,009)**	(558,076)
	739,748	1,180,809
Expenses		
Accounting department	**88,528**	88,766
Administration department	**142,000**	163,336
Director's office	**40,134**	38,158
Marketing	**173,230**	206,811
Network administration	**88,997**	82,378
Office and general	**423,642**	356,763
Project expenses	**63,163**	274,800
	(1,019,694)	(1,211,012)
Net loss and comprehensive loss for the year	**$ (279,946)**	$ (30,203)

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL LANGUAGE INSTITUTE LTD.
Statement of Changes in Equity
(Expressed in Canadian dollars)
(Unaudited)

	Share capital		Retained earnings	
	Number	**Amount**	**(Deficit)**	**Total**
Balance at September 30, 2012	200	$ 101	$ 95,964	$ 96,065
Net loss for the year	-	-	(30,203)	(30,203)
Balance at September 30, 2013	200	101	65,761	65,862
Net loss for the year	-	-	(279,946)	(279,946)
Balance at September 30, 2014	**200**	**$ 101**	**$ (214,185)**	**$ (214,084)**

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL LANGUAGE INSTITUTE LTD.
Statement of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	September 30, 2014	September 30, 2013
Cash flows from operating activities		
Net loss for the year	**$ (279,946)**	$ (30,203)
Items not affecting cash:		
Depreciation	**23,613**	31,096
Changes in non-cash working capital items:		
Accounts receivable	**74,170**	104,036
Inventory	**6,762**	(13,706)
Prepaid expenses	**(35,908)**	43,026
Accounts payable and accrued liabilities	**(71,254)**	(38,925)
Due to related companies	**184,641**	(39,709)
Deferred revenue	**(54,494)**	-
	(152,416)	55,615
Cash flows from investing activities		
Purchase of property and equipment	**(1,238)**	(52,665)
Cash flows from financing activities		
Loan from related company	**50,000**	-
(Decrease) increase in cash	**(103,654)**	2,950
Cash, beginning of year	**122,181**	119,231
Cash, end of year	**$ 18,527**	$ 122,181

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION AND GOING CONCERN

a) Description of the business

International Language Institute Ltd. (the "Company") was incorporated in the Province of Nova Scotia on September 27, 1985, under the Business Corporations Act of Nova Scotia. The Company provides year-round language training services, a variety of summer programs, club and social activities, and accommodation for students through vetted host families.

The Company's registered and records office is located at 1577 Barrington Street, Halifax, Nova Scotia, B3J 1Z7.

b) Going concern

The Company has incurred a net loss in the year in the amount of $279,946 (2013 - $30,203). As at September 30, 2014, the Company had a working capital deficiency of $263,830 (2013 - $6,258). The operating and cash flow results raise uncertainty about the ability of the Company to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. The above facts indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on the basis the Company will operate as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of preparation

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

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

b) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

Significant areas requiring the use of estimates include the estimation of an allowance for doubtful accounts, the useful life and amortization of property and equipment, net realizable value of inventory and deferred income tax asset valuation allowances. Judgements made by management in the application of IFRS that have a significant effect on the financial statements include the factors supporting the capitalization and recoverability of property and equipment, whether sales have met the Company's revenue recognition criteria and the probability of realizing deferred income tax assets based on the likelihood of generating taxable income in the future. Different judgement could yield different results.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company's financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

Classification choices for financial assets include:

- Fair value through profit or loss ("FVTPL"): measured at fair value with changes in fair value on re-measurement recorded in net income or loss;
- Held to maturity: non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity and are recorded at amortized cost with gains or losses recognized in net income or loss in the period that the asset is derecognized or impaired;
- Available-for-sale: non-derivative financial assets not classified in any other category; and are measured at fair value with changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment; and
- Loans and receivables: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost with gains and losses recognized in net income or loss in the period that the financial asset is derecognized or impaired.

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, and due to related companies. Cash is classified as FVTPL, accounts receivable is classified as loans and receivable, and accounts payable and accrued liabilities and due to related companies are classified as other financial liabilities.

d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, and deposits held with Canadian registered banks with original maturities of three months or less.

e) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventory consists of books and CD products that are recorded at the lower of cost and net realizable value. Costs are mainly printing cost and material cost. Net realizable value is calculated as the estimated selling price in the ordinary course of business less the estimated costs of completion, discounts, commissions and other selling expenses necessary to make the sale.

f) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where the costs of certain components of property and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is recognized in earnings using the depreciation rates as follows:

- Furniture and office equipment - 5 year straight-line basis
- Computer software and equipment – 3 year straight-line basis
- Leasehold improvements – Term of the lease

The Company reviews the depreciation rate and the depreciation method at each reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Revenue recognition

Revenue from a contract to provide service is recognized by reference to the stage of completion of the contract. Tuition fee revenue, net of discounts, is recognized on a straight-line basis over the period of instruction. Tuition fees paid in advance of course offerings, net of related discounts, are recorded as deferred revenue and recognized in revenue over the period of instruction.

h) Loss per share

Basic earnings (loss) per common share is computed by dividing their respective net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share is determined by adjusting the respective weighted average number of common shares outstanding for the effects of all potentially diluted common share options and warrants. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

i) 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 the statement of operations. The Company does not have items representing comprehensive income or loss.

j) 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 using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 date of financial position.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred 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.

k) New standards and interpretations

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2016 or later years.

- New standard IFRS 9, “*Financial Instruments*”
- New standard IFRS 15, “*Revenue from Contracts with Customers*”

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

(Expressed in Canadian dollars)

3. PROPERTY AND EQUIPMENT

Cost	Leasehold improvements	Computer software and equipment	Furniture and office equipment	Total
Balance, September 30, 2012	$ -	$ 95,126	$ 140,149	$ 235,275
Additions	33,990	-	18,676	52,666
Balance, September 30, 2013	33,990	95,126	158,825	287,941
Additions	-	1,239	-	1,239
Balance, September 30, 2014	$ 33,990	$ 96,365	$ 158,825	$ 289,180

Accumulated depreciation	Leasehold improvements	Computer software and equipment	Furniture and office equipment	Total
Balance, September 30, 2012	$ -	$ 62,725	$ 122,000	$ 184,725
Depreciation	1,591	19,597	9,908	31,096
Balance, September 30, 2013	1,591	82,322	131,908	215,821
Depreciation	3,500	11,711	8,402	23,613
Balance, September 30, 2014	$ 5,091	$ 94,033	$ 140,310	$ 239,434

Net carrying amounts	Leasehold improvements	Computer software and equipment	Furniture and office equipment	Total
Balance, September 30, 2013	$ 32,399	$ 12,804	$ 26,917	$ 72,120
Balance, September 30, 2014	**$ 28,899**	**$ 2,332**	**$ 18,515**	**$ 49,746**

4. DUE TO RELATED COMPANIES

During the year ended September 30, 2014, the Company charged $Nil (2013 - $33,300) to English Canada World Organization Inc. ("ECWO"), a company with common management, in consideration for rent.

At September 30, 2014, the amount of $124,932 is due to (2013 - $59,709 due from) ECWO. The amount is non-interest bearing, unsecured and due on demand.

At September 30, 2014, the amount of $50,000 (2013 - $Nil) is due to Anterior Education Holdings Ltd., the parent of the Company. The amount is non-interest bearing, unsecured and due on demand.

5. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

There are 200 common shares issued and outstanding. There were no share transactions during the years ended September 30, 2014 and 2013.

6. RISK MANAGEMENT

i) Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk, and market risk. This section contains information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

ii) Fair value of financial instruments

The fair values of cash, accounts receivable, accounts payables and accrued liabilities, and due to related companies approximate their carrying values due to the short term maturity of those instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

iii) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and accounts receivables. The Company's maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company reduces its credit risk by: maintaining its bank accounts at large financial institutions, and monitoring accounts receivables. The Company has no past due or impaired receivables.

iv) Liquidity risk

Liquidity risk is the risk of the Company's inability to meet its financial obligations as they come due. As at September 30, 2014, the Company had a working capital deficiency of $263,830 (2013 - $6,258). The Company is focused on generating more revenue and is actively pursuing additional sources of financing to ensure that it can meet its on-going operating requirements and planned capital expenditures. The Company has no current commitments for capital expenditures as of the date hereof. There is no assurance that the Company will be successful in these initiatives.

v) Currency risk

The Company is not currently exposed to the financial risk related to the fluctuation of foreign exchange rates.

vi) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2014 and 2013, the Company did not have any financial instruments subject to significant interest rate risk.

vii) Capital management

The Company defines capital as share capital and deficit. The Company's objective is to ensure that capital resources are readily available to meet its approved capital expenditure program and to take advantage of attractive acquisition opportunities as they arise.

The Company sets its capital structure in proportion to risk. The Company continually monitors economic and general business conditions and makes adjustments accordingly to maintain or adjust the capital structure. For the capital structure, the Company may purchase and cancel shares pursuant to issuer bids or issue new shares. In order to maximize on-going development efforts, the Company does not pay out dividends.

(Expressed in Canadian dollars)

7. COMMITMENTS

As at September 30, 2014, the Company had one lease for school facilities. The future minimum lease payments as of September 30, 2014 under the lease is as follows:

2015	$282,710
2016	284,460
2017	289,709
2018	291,459
2019	296,709
	$1,445,047

8. INCOME TAXES

The Company has net operating losses carried forward of $297,984 available to offset taxable income in future years which expire beginning in fiscal 2034.

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred tax assets and liabilities, are as follows:

		2014		2013
Canadian statutory income tax rate		**31%**		31%
Income tax recovery at statutory rate	**$**	**(86,783)**	$	(9,363)
Tax effect of:				
Change in valuation allowance		**86,783**		9,363
Income tax provision	**$**	**–**	$	–

The tax effects of temporary differences and non-capital tax losses carried forward that give rise to deferred income tax assets, which have not been recognized in these financial statements, are presented below:

		2014		2013
Deferred tax assets				
Non-capital losses	**$**	**297,984**	$	-
Valuation allowance		**(297,984)**		-
Net deferred income tax asset	**$**	**–**	$	–

SCHEDULE D

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ENGLISH CANADA WORLD ORGANIZATION INC.

FINANCIAL STATEMENTS

For the year ended September 30, 2014

(Expressed in Canadian Dollars)

(Unaudited)

ENGLISH CANADA WORLD ORGANIZATION INC.
Statement of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

		September 30, 2014		September 30, 2013
ASSETS				
Current				
Cash	**$**	**5,518**	$	186,202
Accounts receivable		**1,900**		-
Due from related company (Note 3)		**124,932**		-
Prepaid expenses		**1,400**		5,231
		133,750		191,433
Non-current assets				
Bond deposit (Note 4)		**28,072**		28,072
Property and equipment (Note 5)		**4,971**		4,971
		33,043		33,043
TOTAL ASSETS	**$**	**166,793**	$	224,476
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**96,123**	$	152,068
Deferred revenue		**68,218**		66,865
TOTAL LIABILITIES		**164,341**		218,933
EQUITY				
Share capital (Note 6)		**1**		1
Retained earnings		**2,451**		5,542
TOTAL EQUITY		**2,452**		5,543
TOTAL LIABILITIES AND EQUITY	**$**	**166,793**	$	224,476

"Michael Hunter" (Signed)
Director

The accompanying notes are an integral part of these financial statements.

ENGLISH CANADA WORLD ORGANIZATION INC.
Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	September 30, 2014	September 30, 2013
Revenue		
Tuition fees	**$ 23,397**	$ 73,213
Testing and other income	**715,200**	533,672
	738,597	606,885
Direct costs	**(641,487)**	(480,137)
	97,110	126,748
Expenses		
Bank charges	**19,447**	15,641
Occupancy costs	**38,620**	33,300
Office and administration	**-**	790
Professional fees	**500**	-
Salaries and benefits	**41,634**	77,588
	(100,201)	(127,319)
Net loss and comprehensive loss for the year	**$ (3,091)**	$ (571)

The accompanying notes are an integral part of these financial statements.

ENGLISH CANADA WORLD ORGANIZATION INC.
Statement of Changes in Equity
(Expressed in Canadian dollars)
(Unaudited)

	Share capital						
	Number		**Amount**		**Retained earnings**		**Total**
Balance at September 30, 2012	100	$	1	$	6,113	$	6,114
Net loss for the year	-		-		(571)		(571)
Balance at September 30, 2013	100		1		5,542		5,543
Net loss for the year	-		-		(3,091)		(3,091)
Balance at September 30, 2014	**100**	**$**	**1**	**$**	**2,451**	**$**	**2,452**

The accompanying notes are an integral part of these financial statements.

ENGLISH CANADA WORLD ORGANIZATION INC.
Statement of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	September 30, 2014	September 30, 2013
Cash flows from operating activities		
Net loss for the year	**$ (3,091)**	$ (571)
Changes in non-cash working capital items:		
Accounts receivable	**(1,900)**	-
Due from related company	**(124,932)**	-
Prepaid expenses	**3,831**	(3,981)
Accounts payable and accrued liabilities	**(55,945)**	82,805
Deferred revenue	**1,353**	(12,843)
	(180,684)	65,410
Cash flows from investing activities		
Purchase of property and equipment	**-**	(1,304)
Bond deposit	**-**	(472)
	-	(1,776)
(Decrease) increase in cash	**(180,684)**	63,634
Cash, beginning of year	**186,202**	122,568
Cash, end of year	**$ 5,518**	$ 186,202

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION AND GOING CONCERN

a) Description of the business

English Canada World Organization Inc. (the "Company") was incorporated in the Province of Nova Scotia on November 27, 2003, under the Business Corporations Act of Nova Scotia.

The Company provides the Certificate in Teaching English to Speakers of Other Languages ("CELTA") teacher training and operates the International English Language Testing System ("IELTS") test centres in Atlantic Canada.

The Company's registered and records office is located at 1190 Barrington Street, Halifax, Nova Scotia.

a) Going concern

The Company has incurred a net loss in the year in the amount of $3,091 (2013 - $571). As at September 30, 2014, the Company had a working capital deficiency of $30,591 (2013 - $27,500). The operating and cash flow results raise uncertainty about the ability of the Company to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. The above facts indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on the basis the Company will operate as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of preparation

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

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

b) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

Significant areas requiring the use of estimates include the useful life and amortization of property and equipment, and deferred income tax asset valuation allowances. Judgements made by management in the application of IFRS that have a significant effect on the financial statements include the factors supporting the capitalization and recoverability of property and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company's financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

Classification choices for financial assets include:

- Fair value through profit or loss ("FVTPL"): measured at fair value with changes in fair value on re-measurement recorded in net income or loss;
- Held to maturity: non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity and are recorded at amortized cost with gains or losses recognized in net income or loss in the period that the asset is derecognized or impaired;
- Available-for-sale: non-derivative financial assets not classified in any other category; and are measured at fair value with changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment; and
- Loans and receivables: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost with gains and losses recognized in net income or loss in the period that the financial asset is derecognized or impaired.

Financial instruments include cash, accounts receivables, due from related company, bond deposit and accounts payable and accrued liabilities. Cash is classified as FVTPL, accounts receivable and due from related company are classified as loans and receivable, bond deposit is classified as held to maturity, and accounts payable and accrued liabilities are classified as other financial liabilities.

d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, and deposits held with Canadian registered banks with original maturities of three months or less.

e) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where the costs of certain components of property and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is recognized in earnings using the depreciation rates as follows:

- Furniture and office equipment - 5 years straight-line basis

The Company reviews the depreciation rate and the depreciation method at each reporting date.

f) Revenue recognition

Revenue from a contract to provide service is recognized by reference to the stage of completion of the contract. Tuition fee revenue, net of discounts, is recognized on a straight-line basis over the period of instruction. Tuition fees paid in advance of course offerings, net of related discounts, are recorded as deferred revenue and recognized in revenue over the period of instruction.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Loss per share

Basic earnings (loss) per common share is computed by dividing their respective net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share is determined by adjusting the respective weighted average number of common shares outstanding for the effects of all potentially diluted common share options and warrants. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

h) 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 the statement of operations. The Company does not have items representing comprehensive income or loss.

i) 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 using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 date of financial position.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred 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.

j) New standards and interpretations

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2016 or later years.

- New standard IFRS 9, "*Financial Instruments*"
- New standard IFRS 15, *"Revenue from Contracts with Customers"*

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. DUE FROM RELATED COMPANY

During the year ended September 30, 2014, the Company incurred $Nil (2013 - $33,300) in expenses to International Language Institute Ltd. ("ILI"), a company with common management, in consideration for rent.

At September 30, 2014, the amount of $124,932 is due from (2013 - $59,709 due to) ILI. The amount is non-interest bearing, unsecured and due on demand.

(Expressed in Canadian dollars)

4. BOND DEPOSIT

As at September 30, 2014, the Company has a bond held at the Canadian Imperial Bank of Commerce as a letter of credit for the beneficiary of the Minister of Finance for the Province of Nova Scotia on behalf of the Private Career Colleges Division in the amount of $28,072 (2013 - $28,072).

5. PROPERTY AND EQUIPMENT

Cost	**Furniture and office equipment**
Balance, September 30, 2012	$ 3,667
Additions	1,304
Balance, September 30, 2013	4,971
Additions	-
Balance, September 30, 2014	$ 4,971

Net carrying amounts	**Furniture and office equipment**
Balance, September 30, 2013	$ 4,971
Balance, September 30, 2014	**$ 4,971**

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

There are 100 common shares issued and outstanding. There were no share transactions during the years ended September 30, 2014 and 2013.

7. RISK MANAGEMENT

i) Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk, and market risk. This section contains information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

7. RISK MANAGEMENT (continued)

ii) Fair value of financial instruments

The fair values of cash, accounts receivable, due from related company, bond deposit, and accounts payables and accrued liabilities approximate their carrying values due to the short term maturity of those instruments. The fair value of the bond deposit approximates its carrying value as it bears interest at market floating rates or fixed rates consistent with market rates for similar instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

iii) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash, accounts receivables and due from related company. The Company's maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company reduces its credit risk by: maintaining its bank accounts at large financial institutions, and monitoring accounts receivables and due from related company. The Company has no past due or impaired receivables.

iv) Liquidity risk

Liquidity risk is the risk of the Company's inability to meet its financial obligations as they come due. As at September 30, 2014, the Company had a working capital deficiency of $30,591 (2013 - $27,500). The Company is focused on generating more revenue and is actively pursuing additional sources of financing to ensure that it can meet its on-going operating requirements and planned capital expenditures. The Company has no current commitments for capital expenditures as of the date hereof. There is no assurance that the Company will be successful in these initiatives.

v) Currency risk

The Company's functional currency is the Canadian dollar. A portion of the Company's direct costs are paid in British pounds, and the Company is thus exposed to risk of major changes in British pounds relative to the Canadian dollar.

vi) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2014 and 2013, the Company did not have any financial instruments subject to significant interest rate risk.

vii) Capital management

The Company defines capital as share capital and deficit. The Company's objective is to ensure that capital resources are readily available to meet its approved capital expenditure program and to take advantage of attractive acquisition opportunities as they arise.

The Company sets its capital structure in proportion to risk. The Company continually monitors economic and general business conditions and makes adjustments accordingly to maintain or adjust the capital structure. For the capital structure, the Company may purchase and cancel shares pursuant to issuer bids or issue new shares. In order to maximize on-going development efforts, the Company does not pay out dividends.

(Expressed in Canadian dollars)

8. COMMITMENTS

As at September 30, 2014, the Company had one lease for school facilities.

The future minimum lease payments as of September 30, 2014 under the lease is as follows:

2015	$15,502
2016	15,734
2017	16,428
2018	16,659
2019	17,353
	$81,676

9. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred tax assets and liabilities, are as follows:

		2014		2013
Canadian statutory income tax rate		**31%**		31%
Income tax recovery at statutory rate	**$**	**(958)**	$	(177)
Tax effect of:				
Change in valuation allowance		**958**		177
Income tax provision	**$**	**–**	$	–

SCHEDULE E

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BHR CAPITAL CORP.

FINANCIAL STATEMENTS

PERIOD FROM DECEMBER 3, 2014 (DATE OF INCORPORATION) TO MARCH 31, 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
BHR Capital Corp.

Report on the financial statements

We have audited the accompanying financial statement of BHR Capital Corp., which comprise the statement of financial position as at March 31, 2015 and the statements of operations and comprehensive loss, changes in equity and cash flows for the period from incorporation on December 3, 2014 to March 31, 2015, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 BHR Capital Corp., as at March 31, 2015, and its financial performance and its cash flows for the period from incorporation on December 3, 2014 to March 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 1 of the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Vancouver, Canada

"Morgan & Company LLP"

May 29, 2015 Chartered Accountants

BHR CAPITAL CORP.
STATEMENT OF FINANCIAL POSITION

		As At March 31, 2015
ASSETS		
Current		
Loan receivable (Note 4)	$	225,000
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$	8,041
Loan payable (Note 5)		27,500
Total Liabilities		35,541
EQUITY		
Share capital (Note 6)		227,000
Deficit		(37,541)
Total Equity		189,459
Total Liabilities and Equity	$	225,000

Going Concern (Note 1)

Approved and authorized for issuance by the Board of Directors on May 29, 2015.

"Brian Gusko"
Director

The accompanying notes are an integral part of these financial statements.

BHR CAPITAL CORP.
STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

		Period from December 3, 2014 (Date of Incorporation) To March 31, 2015
Expenses		
Professional fees	$	37,541
Net loss and comprehensive loss for the period	$	37,541
Basic and Diluted Loss per Share	$	0.01
Weighted average number of common shares outstanding		5,063,983

The accompanying notes are an integral part of these financial statements.

BHR CAPITAL CORP.
STATEMENT OF CHANGES IN EQUITY
For the period from December 3, 2014 (Date of Incorporation) to March 31, 2015

	Number of shares	Share capital	Deficit	Total equity
Balance, December 3, 2014	-	$ -	$ -	$ -
Shares issued for cash	8,400,000	225,000	-	225,000
Shares issued for finders fees	550,000	11,000	-	11,000
Shares issued for debt	100,000	2,000	-	2,000
Share issuance costs – finders fees	-	(11,000)	-	(11,000)
Net loss for the period	-	-	(37,541)	(37,541)
Balance, March 31, 2015	**9,050,000**	**$ 227,000**	**$ (37,541)**	**$ 189,459**

The accompanying notes are an integral part of these financial statements.

BHR CAPITAL CORP.
STATEMENT OF CHASH FLOWS

	Period from December 3, 2014 (Date of Incorporation) To March 31, 2015
CASH FLOWS PROVIDED BY (USED IN):	
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss for the period	**$ (37,541)**
Non cash items:	
Shares issued for debt	**2,000**
Changes in non-cash working capital items:	
Accounts payable and accrued liabilities	**8,041**
Net cash used in operating activities	**(27,500)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Loan receivable	**(225,000)**
Loan payable	**27,500**
Issuance of shares	**225,000**
Net cash provided by financing activities	**27,500**
CHANGE IN CASH DURING THE PERIOD	**-**
CASH, beginning of the period	**-**
CASH, end of the period	**$ -**

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND NATURE OF OPERATIONS AND GOING CONCERN

BHR Capital Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on December 3, 2014. The Company's registered and records office is located at 1820 – 925 West Georgia Street, Vancouver, BC, V6B 2E2. The Company is in the business of acquiring and consolidating independent English as a Second Language ("ESL") schools.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to complete its Plan of Arrangement transaction. To date, the Company has not generated any revenues. These factors create material uncertainty that may cast significant doubt about the Company being able to continue as a going concern. 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.

2. BASIS OF PRESENTATION

Statement of compliance:

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement:

These financial statements have been prepared on a historical cost basis except for financial instruments which may be measured at fair value.

Functional and presentation currency:

These financial statements are presented in Canadian dollars. This is the functional currency of the Company.

2. BASIS OF PRESENTATION (Continued)

Use of estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumptions based on current available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimated. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

a) **Cash and cash equivalents**

Cash included cash on hand and held at financial institutions. As at March 31, 2015, the Company had no cash equivalents.

b) **Financial assets**

All financial assets are initially recorded at fair value, adjusted as applicable, and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss.

Financial assets classified as loans and receivables and held-to-maturity are initially recognized at fair value less directly attributable transaction costs. After initial recognition these financial assets are subsequently measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost.

Transaction costs associated with FVTPL and available-for-sale financial assets are expensed as incurred while transaction costs associated with other financial assets are included in the initial carrying amount of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial assets (Continued)

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

c) Financial liabilities:

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income (loss).

d) De-recognition of financial assets and liabilities:

Financial assets are de-recognized when the rights to receive cash flows from the assets expire, or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that has been recognized directly in equity is recognized in profit or loss.

Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Foreign currencies:

The financial statements for the Company are prepared using its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation and functional currency of the Company is Canadian dollars.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the statement of operations.

f) Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income 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 using the liability method, providing for 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 on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition or 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, 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 benefit will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will bel available against which the temporary difference can be utilized. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Share capital:

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

h) Equity units:

Proceeds received on the issuance of units comprised of common shares and warrants are allocated on the residual value method where proceeds are allocated to the common shares up to their fair value and the balance, if any, to the reserve for the warrants.

i) Accounting standards issued but not yet adopted:

The Company has assessed the impact of these new standards on the financial statements and has determined that the application of these standards will not have a material impact on the results and the financial position of the Company.

New Standard IFRS 9 “Financial Instruments”

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. 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.

4. LOAN RECEIVABLE

The loan receivable is to Anterior Education Systems Ltd. and is repayable on demand, security bears no interest, and is unsecured.

5. LOAN PAYABLE

The loan payable is unsecured, bears no interest, has no fixed terms of repayment, and is due on demand. On April 22, 2015, the full balance of the loan was repaid by the Company.

6. SHARE CAPITAL

(a) Common shares

i) Authorized

The Company's share capital consists of an unlimited number of common shares without par value.

ii) Issued

- On December 3, 2014, the Company issued 3,000,000 common shares at $0.005 per share for proceeds of $15,000;
- On February 10, 2015, the Company issued 2,550,000 common shares at $0.02 per share for proceeds of $51,000. Of this $51,000, $11,000 is reflected in share issuance costs as finders fees;
- On February 12, 2015 the Company issued 100,000 common shares at $0.02 per share to settle $2,000 worth of debt relating to professional fees;
- On February 25, 2015, the Company issued 2,150,000 units at $0.05 per unit for total proceeds of $107,500. Each unit is comprised of one common share and ½ share purchase warrant which can be redeemed at $0.10 for a one year period.
- On March 6, 2015, the Company issued 1,250,000 units at $0.05 per unit for total proceeds of $62,500. Each unit is comprised of one common share and one ½ share purchase warrant which can be redeemed at $0.10 for a one year period.

(b) Warrants

A summary of the status of the Company's warrants as at March 31, 2015, and changes during those years is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	-	$ 0.10
Issued	**1,700,000**	$ 0.10
Outstanding, end of period	**1,700,000**	$ 0.10

As at March 31, 2015, the following warrants are outstanding and exercisable:

Number of Warrants	Exercise Price	Expiry Date
1,075,000	$ 0.10	February 25, 2016

625,000	$	0.10	March 6, 2016
1,700,000			

7. MANAGEMENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Discussions of risk associated with financial assets and liabilities are detailed below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. It arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because of the short-term nature of the Company's interest bearing financial instruments.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

8. RELATED PARTIES

During the period ended March 31, 2015, the Company issued 500,000 shares at a price of $0.005 and 250,000 shares at a price of $0.02 to a director of the Company.

During the period ended March 31, 2015, the Company issued 250,000 shares at a price of $0.02 to a close family member of a director of the Company.

During the period ended March 31, 2015, the Company issued 375,000 shares at a price of $0.005, 250,000 shares at a price of $0.02 and 150,000 shares at a price of $0.05 to a former officer of the Company. The Company also issued 275,000 shares with a value of $5,500 for finders fees relating to the February issuance to this former officer.

9. INCOME TAX

Statutory tax rate		26%
Expected income tax (recovery)	$	(10,000)
Deferred tax asset not recognized		10,000
	$	-

Deferred tax assets have not been included on the statement of financial position as the generation of future taxable income is uncertain.

The Company has non-capital losses of approximately $38,000 available for deduction against future taxable income. These losses, if not utilized, will expire through 2035.

10. SUBSEQUENT EVENTS

a) Subsequent to March 31, 2015, an Arrangement Agreement was entered into among Cervantes Capital Corp. (“Cervantes”), Anterior Education Systems Ltd. (“Anterior”) and the Company.

The parties have agreed to reorganize their business by way of a plan of arrangement to be carried out under the provisions of the Business Corporations Act (British Columbia). As part of the Arrangement Agreement, the following transactions will take place:

i) the Company shall acquire all of the 10,000 issued and outstanding Anterior common shares from Cervantes (the “purchase shares”) for the purchase price of $10,000, of which $2,000 is to be paid within a week of signing and $8,000 to be paid on close;

ii) the Company and Anterior shall exchange securities on a 1:1 basis, such that all the outstanding common shares of the BHR shall be exchanged by their holders for the same amount of shares of Anterior;

iii) Anterior shall issue 300,000 Anterior shares to Cervantes (the ”Anterior Exchange Shares”) in exchange for 1,000 common shares of Cervantes (collectively the “Exchange Shares”), by which Anterior will become a reporting issuer;

iv) the Anterior Exchange Shares shall be issued as a dividend to the Cervantes shareholders as of the Cervantes record date on a pro rata basis; and

v) the Purchase Shares shall be cancelled.

b) Subsequent to March 31, 2015, the Company issued 1,050,000 units at a price of $0.05 per unit. Each unit consists of one common share and one share purchase warrant which can be redeemed at $0.10 for a one year period.

c) On April 17, 2015, The Company issued 750,000 units at a price of $0.05 per unit. Each unit consists of one common share and one share purchase warrant which can be redeemed at $0.10 for a one year period.

d) On April 22, 2015, the Company issued 1,270,000 units at a price of $0,25 per unit. Each unit consists of one common share and one share purchase warrant which can be redeemed at $0.50 for a two year period. 101,600 finders warrants were issued as part of this financing.

SCHEDULE F

ANTERIOR EDUCATION HOLDINGS LTD.
(the "**Company**")

AUDIT COMMITTEE CHARTER

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company's audit committee, or its Board of Directors in lieu thereof (the "**Audit Committee**"). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

1. Composition

(a) *Number of Members*. The Audit Committee must be comprised of a minimum of three directors of the Company.

(b) *Chair*. If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the "**Chair**") to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.

(c) *Financial Literacy.* All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.

2. Meetings

(a) *Quorum*. The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.

(b) *Agenda*. The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.

(c) *Notice to Auditors*. The Company's auditors (the "Auditors") will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor's duties.

(d) *Minutes*. Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

3. Roles and Responsibilities

The roles and responsibilities of the Audit Committee include the following:

<u>External Auditor</u>

The Audit Committee will:

(a) *Selection of the external auditor*. Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Company's accounts, controls and financial statements.

(b) *Scope of Work*. Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor's review, including the Auditor's engagement letter.

(c) *Compensation*. Recommend to the Board the compensation to be paid to the external auditors.

(d) *Replacement of Auditor*. If necessary, recommend the replacement of the Auditor to the Board of Directors.

(e) *Approve Non-Audit Related Services*. Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.

(f) *Responsibility for Oversight*. Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.

(g) *Resolution of Disputes*. Assist with resolving any disputes between the Company's management and the Auditors regarding financial reporting.

<u>Consolidated Financial Statements and Financial Information</u>

The Audit Committee will:

(a) *Review Audited Financial Statements*. Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.

(b) *Review of Interim Financial Statements*. Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.

(c) *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports*. Review the Company's management discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.

(d) *Auditor Reports and Recommendations*. Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

<u>Risk Management, Internal Controls and Information Systems</u>

The Audit Committee will:

(a) *Internal Control*. Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.

(b) *Financial Management*. Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.

(c) *Accounting Policies and Practices*. Review management plans regarding any changes in accounting practices or policies and the financial impact thereof.

(d) *Litigation*. Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the

Company and the manner in which these matters are being disclosed in the consolidated financial statements.

(e) *Other.* Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

Complaints

(a) *Accounting, Auditing and Internal Control Complaints*. The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.

(b) *Employee Complaints*. The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

4. Authority

(a) *Auditor*. The Auditor, and any internal auditors hired by the company, will report directly to the Audit Committee.

(b) *Independent Advisors*. The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.

5. Reporting

The Audit Committee will report to the Board on:

(a) the Auditor's independence;

(b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;

(c) the reappointment and termination of the Auditor;

(d) the adequacy of the Company's internal controls and disclosure controls;

(e) the Audit Committee's review of the annual and interim consolidated financial statements;

(f) the Audit Committee's review of the annual and interim management discussion and analysis;

(g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and

(h) all other material matters dealt with by the Audit Committee.

CERTIFICATE OF THE COMPANY

Dated: January 22, 2016

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia.

"*Michael Hunter*"	"*Peter Lee*"
MICHAEL HUNTER	PETER LEE
President, CEO & Director	CFO

ON BEHALF OF THE BOARD OF DIRECTORS

"Brian Gusko"	"*Dalton Larson*"
BRIAN GUSKO	DALTON LARSON
Director	Director
"*Kulwant Sandher*"	
KULWANT SANDHER	
Director	

CERTIFICATE OF THE PROMOTERS

Dated: January 22, 2016

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously offered by the issuer as required by the securities legislation of British Columbia.

"*Michael Hunter*"	*"Brian Gusko"*
MICHAEL HUNTER	BRIAN GUSKO
President, CEO & Director	Director