ANTERIOR EDUCATION HOLDINGS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended December 31, 2015

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

The accompanying unaudited interim financial statements have been prepared by Management of Anterior Education Holdings Ltd. and have not been reviewed by the Company's auditors

ANTERIOR EDUCATION HOLDINGS LTD.
Interim Consolidated Statement of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	December 31, 2015	September 30, 2015
ASSETS		
Current		
Cash	$ **92,513**	$ 12,873
Available-for-sale investments	**1**	1
Accounts receivable	**168,425**	109,068
Prepaid expenses	**87,091**	94,864
Inventory	**5,334**	3,915
	353,364	220,721
Non-current assets		
Bond deposit (Note 3)	**27,649**	27,611
Property and equipment (Note 4)	**10,988**	11,588
Intangible assets (Note 5)	**222,766**	413,711
Assets classified as held for sale	**–**	114,970
	261,403	567,880
TOTAL ASSETS	$ **614,767**	$ 788,601
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ **152,662**	$ 188,353
Deferred revenue	**177,160**	107,148
Loans payable (Notes 6)	**133,494**	177,663
	463,316	473,164
Non-current liabilities		
Long-term liabilities (Note 7)	**196,245**	196,245
Liabilities classified as held for sale	**–**	180,852
	196,245	377,097
TOTAL LIABILITIES	**659,561**	850,261
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 8)	**483,618**	2
Reserves	**1,445,529**	1,441,145
Subscriptions received (Note 8)	**15,000**	100,000
Deficit	**(1,988,941)**	(1,602,807)
TOTAL SHAREHOLDERS' DEFICIENCY	**(44,794)**	(61,660)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	$ **614,767**	$ 788,601

Going concern (Note 1)
Subsequent events (Note 15)

These interim consolidated financial statements were authorized for issuance by the Board of Directors on February 29, 2016. 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 interim consolidated financial statements.

ANTERIOR EDUCATION HOLDINGS LTD.
Interim Consolidated Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

		Three months ended December 31, 2015		Three months ended December 31, 2014
Revenue				
Tuition fees		**208,392**	$	202,291
Testing and other income		**31,645**		216,263
		240,037		418,554
Direct costs (note 14)		**201,952**		288,552
		38,085		130,002
Expenses				
Bank charges		**5,762**		2,628
Consulting fees		–		6,386
Depreciation		**600**		3,462
Insurance		**5,146**		5,250
Marketing and advertising		**17,470**		27,196
Occupancy costs		**30,400**		103,115
Office and administration		**18,331**		17,587
Professional fees		**37,423**		3,098
Salaries and benefits		**89,226**		133,897
		204,358		302,619
Loss before other expenses		**(166,273)**		(172,617)
Other expenses				
Gain on disposal of subsidiary		**63,727**		–
Impairment of intangible assets (Note 5)		**(200,000)**		–
Interest expense		**20,831**		–
Loss from continuing operations		**(323,377)**		(172,617)
Loss from discontinued operations		**(62,757)**		–
Net loss and comprehensive loss for the period		**(386,134)**	$	(172,617)
Basic and diluted loss per share – continuing operations	**$**	**(0.01)**	$	–
Basic and diluted loss per share – discontinued operations	**$**	**(0.00)**	$	–
Weighted average number of shares outstanding		**28,449,427**		–

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

ANTERIOR EDUCATION HOLDINGS LTD.
Interim Consolidated Statement of Changes in (Deficiency) Equity
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Share capital			Subscriptions		
	Number	Amount	Reserves	received	Deficit	Total
Balance at September 30, 2014	–	**$ –**	**$ 153,245**	**$ –**	**$ (31,519)**	**$ 121,726**
Net loss for the period	–	–	–	–	(172,617)	(172,617)
Balance at December 31, 2014	–	**$ –**	**$ 153,245**	**$ –**	**$ (204,136)**	**$ (50,891)**
Balance at September 30, 2015	**27,209,210**	**$ 2**	**$ 1,441,145**	**$ 100,000**	**$ (1,602,807)**	**$ (61,660)**
Units issued for cash	2,100,000	500,000	–	(100,000)	–	400,000
Fair value of agent's warrants	–	(4,384)	4,384	–	–	–
Share issuance costs	–	(12,000)	–	–	–	(12,000)
Subscriptions received	–	–	–	15,000	–	15,000
Net loss for the period	–	–	–	–	(386,134)	(386,134)
Balance at December 31, 2015	**29,309,210**	**$ 483,618**	**$ 1,445,529**	**$ 15,000**	**$ (1,988,941)**	**$ (44,794)**

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

ANTERIOR EDUCATION HOLDINGS LTD.
Interim Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Three months ended December 31, 2015	Three months ended December 31, 2014
Cash flows from operating activities		
Net loss for the period	**$ (386,134)**	$ (172,617)
Items not affecting cash:		
Depreciation	**600**	3,462
Gain on disposal of subsidiary	**(63,727)**	–
Impairment of intangible assets	**200,000**	–
Accrued interest	**793**	–
Changes in non-cash working capital items:		
Accounts receivable	**(59,357)**	37,681
Prepaid expenses	**7,772**	18,194
Inventory	**(1,419)**	81
Accounts payable and accrued liabilities	**(41,195)**	107,870
Deferred revenue	**73,260**	(8,332)
	(269,407)	(13,661)
Cash flows from investing activities		
Digital curriculum development costs	**(9,055)**	–
Proceeds from disposal of subsidiary	**102**	–
Purchase of property and equipment	**–**	(1,548)
	(8,953)	(1,548)
Cash flows from financing activities		
Proceeds from issuance of shares	**388,000**	–
Proceeds from share subscriptions	**15,000**	–
Proceeds from loan payable	**–**	27,500
Repayment of loans payable	**(45,000)**	–
	358,000	27,500
Increase in cash	**79,640**	12,291
Cash, beginning of period	**12,873**	32,311
Cash, end of period	**$ 92,513**	$ 44,602
Supplemental cash flow information		
Cash paid for interest	**$ 2,953**	$ –
Cash paid for taxes	**$ –**	$ –

The accompanying notes are an integral part of these interim 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 comprehensive loss of $386,134 (2014 - $172,617) during the three months ended December 31, 2015. As at December 31, 2015, the Company had a working capital deficiency of $109,952 (September 30, 2015 - $252,443) and an accumulated deficit of $1,988,941 (September 30, 2015 - $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 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

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

BHR Capital Corp. ("BHR")	Wholly-owned subsidiary of the Company
Cloud Nine College Ltd. ("CNC") (formerly "Anterior Educational Systems Ltd." ("AES")	Wholly-owned subsidiary of BHR
English Canada World Organization Inc. ("EC")	Wholly-owned subsidiary of CNC

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of consolidation (continued)

The interim 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, 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 inputs into the calculation of the fair value of share-based payments.

d) 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. BOND DEPOSIT

As at December 31, 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 $27,649 (September 30, 2015 - $27,611), which includes accrued interest of $49 (September 30, 2015 - $11). The bond bears interest at 0.55% per annum and matures on September 6, 2016.

(Expressed in Canadian dollars)

4. PROPERTY AND EQUIPMENT

Cost	Leasehold improvements	Total
Balance, September 30, 2015 and December 31, 2015	**$ 12,788**	**$ 12,788**

Accumulated depreciation	Leasehold improvements	Total
Balance, September 30, 2015	$ 1,200	$ 1,200
Depreciation	600	600
Balance, December 31, 2015	**$ 1,800**	**$ 1,800**

Net carrying amounts	Leasehold improvements	Total
Balance, September 30, 2014	$ 11,588	$ 11,588
Balance, December 31, 2015	**$ 10,988**	**$ 10,988**

5. INTANGIBLE ASSETS

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

	Curriculum	Trade name	Total
Balance, September 30, 2015	$ 213,711	$ 200,000	$ 213,711
Additions	9,055		9,055
Impairment		(200,000)	(200,000)
Balance, December 31, 2015	**$ 222,766**	**$ -**	**$ 222,766**

As at December 31, 2015 and September 30, 2015, the Company's curriculum is still in the development stage and will not be depreciated until the curriculum is in full use.

In January 2016, the Company's subsidiary, Anterior Education Systems Ltd., changed its name to Cloud Nine College Ltd. and, therefore, the Company recognized an impairment of $200,000 on the trade name.

6. RELATED PARTY TRANSACTIONS

a) At December 31, 2015, the Company was indebted to the Chief Executive Officer ("CEO") of the Company for $6,500 (September 30, 2015 - $21,500), which is non-interest bearing, unsecured and due on demand. During the three months ended December 31, 2015, the Company paid salaries and benefits of $30,000 (2014 - $15,000) to the CEO of the Company

b) At December 31, 2015, the Company was indebted to a former 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. On November 3, 2015, the Company entered into an agreement to extend the maturity date to December 1, 2016 for a one-time interest charge of $20,000.

c) At December 31, 2015, the Company was indebted to a director of the Company for $26,000 (September 30, 2015 - $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 December 31, 2015, the Company recognized accrued interest of $994 (September 30, 2015 - $163).

d) During the three months ended December 31, 2015, the Company paid salaries and benefits of $22,500 (2014 - $10,500) to the Chief Financial Officer ("CFO") of the Company.

The terms and conditions of the transactions with key management personnel and their related parties are made at terms equivalent to those that prevail on similar transactions to non-key management personnel related entities at an arm's length basis.

7. 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 December 31, 2015, $196,245 (September 30, 2015 - $196,245) 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.

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

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. In connection with the issuance, the Company paid share issuance costs of $10,000 and issued 40,000 agent's warrants 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. In connection with the issuance, the Company paid share issuance costs of $2,000 and issued 8,000 agent's warrants exercisable at $0.50 per share for a term of 18 months.

(Expressed in Canadian dollars)

c) 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.

d) 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.

e) At December 31, 2015, the Company received share subscriptions of $15,000, pursuant to the issuance of 60,000 shares at $0.25 per share.

9. SHARE PURCHASE WARRANTS

The following table summarizes information about the warrants issued for the year ended December 31, 2015:

	Number of warrants	Weighted average exercise price
Outstanding, September 30, 2015	4,408,730	$ 0.16
Issued	2,148,000	$ 0.48
Outstanding, December 31, 2015	**6,556,730**	**$ 0.26**

The following table summarizes information about warrants outstanding as at December 31, 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
$ 0.50	April 1, 2017	540,000
$ 0.50	April 16, 2017	108,000
$ 0.50	May 19, 2017	1,000,000
$ 0.40	November 23, 2017	500,000
	Total	6,556,730

10. 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 a Canadian Stock 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.

(Expressed in Canadian dollars)

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

	Number of stock options	Weighted average exercise price
Outstanding, September 30, 2015	1,200,000	$ 0.10
Options expired	(185,000)	0.10
Outstanding, December 31, 2015	1,015,000	$ 0.10

Additional information regarding stock options outstanding as at December 31, 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
1,015,000	3.9	$ 0.10	1,015,000	$ 0.10

11. 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.

(Expressed in Canadian dollars)

iv) Liquidity risk

Liquidity risk is the risk of the Company's inability to meet its financial obligations as they come due. As at December 31, 2015, the Company had a working capital deficiency of $109,952 (September 30, 2015 - $252,443). 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.

11. RISK MANAGEMENT

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 December 31, 2015, the Company did not have any financial instruments subject to significant interest rate risk.

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.

12. COMMITMENTS

As at December 31, 2015, the Company had one lease for school facilities, located in Vancouver.

The future minimum lease payments, including operating costs and taxes, as of December 31, 2015, under the Vancouver lease are:

2016	$	93,196
2017		124,262
2018		10,355
	$	227,813

13. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

On October 30, 2015, the Company completed an agreement to sell all of the issued and outstanding securities of International Language Institute Ltd. ("ILI") to an arm's-length third party in consideration for $102.

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. The results of operations of ILI for all periods have been classified as discontinued operations.

(Expressed in Canadian dollars)

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

At October 30, 2015, ILI had net liabilities of $63,625. During the three months ended December 31, 2015, the Company recognized a gain on disposal of subsidiary of $63,727.

International Language Institute Ltd.	**Three months ended December 31, 2015**
Revenue	$ –
Direct costs	(14,540)
	(14,540)
Expenses	
Bank charges	1,128
Occupancy costs	8,935
Office and administration	213
Salaries and benefits	37,941
	48,217
Net loss and comprehensive loss for the period	$ (62,757)

14. DIRECT COSTS

Direct costs	Three months December 31, 2015	Three months December 31, 2014
Teachers' salaries and benefits	64,004	113,817
commission and promotion costs	79,578	917
IELTS Testing fees	8,062	168,953
Other (a)	50,308	4,865
Total	201,952	288,552

(a) Other direct costs include student housing commissions, course material, activity and other direct miscellaneous items.

15. SUBSEQUENT EVENTS

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

b) Subsequent to the period ended December 31, 2015, a total of 47,500 stock options exercisable at $0.10 per share expired unexercised.

c) On February 19, 2016, the Company issued 300,000 units at $0.25 per unit for proceeds of $75,000. Each unit includes one common share and one share purchase warrant exercisable at $0.50 per share for a term of 18 months.