EA EDUCATION GROUP INC.
(FORMERLY, “KENIEBA GOLDFIELDS LTD.”)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

MNP LLP

To the Shareholders of **EA Education Group Inc.**:

We have audited the accompanying consolidated financial statements of EA Education Group Inc. (the "Company") which comprise the consolidated statements of financial position as at August 31, 2015, and the consolidated statements of operations and comprehensive income, changes in shareholders' 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.

Auditors' 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 audits 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 auditors' 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 in our audits 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 the Company as at August 31, 2015, and their financial performance and their 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 2 in the consolidated financial statements which discloses 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.

Other Matter

The consolidated financial statements of the Company for the year ended August 31, 2014 were audited by another auditor who expressed an unqualified opinion on those statements on November 28, 2014.

As part of our audit of the financial statements for the year ended August 31, 2015, we also audited the adjustments described in Note 21 that were applied to restate the financial statements for the year ended August 31, 2014. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements of the Company for the year ended August 31, 2014 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended August 31, 2014 taken as a whole.

Vancouver, British Columbia
December 29, 2015

Chartered Professional Accountants

EA EDUCATION GROUP INC.
(FORMERLY, “KENIEBA GOLDFIELDS LTD.”)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

		August 31, 2015		August 31, 2014 (Restated- Note 21)
ASSETS				
Current				
Cash and cash equivalents	$	439,383	$	446,713
Accounts receivable (Note 8)		71,366		410,811
Due from related parties (Note 13)		1,059,176		212,859
Loan receivable (Note 14)		829,271		159,271
Prepaid and deposit		15,490		6,608
		2,414,686		1,236,262
Non-current				
Property, plant and equipment (Note 9)		69,764		37,357
Intangible assets (Note 10)		431,915		209,000
Goodwill (Note 7)		281,137		-
		782,816		246,357
Total Assets	$	3,197,502	$	1,482,619
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	554,073	$	289,577
Deferred revenue		288,503		86,603
Due to related parties (Note 13)		33,000		1,151,218
		875,576		1,527,398
Non-current				
Deferred income tax liabilities (Note 12)		12,308		-
Total Liabilities	$	887,884	$	1,527,398
Shareholders' equity				
Share capital	$	4,200,761	$	100
Reserve		167,470		-
Retained earnings (deficit)		(2,058,788)		(44,879)
Accumulated other comprehensive income		175		-
		2,309,618		(44,779)
Total liabilities and shareholders' equity	$	3,197,502	$	1,482,619

Nature and continuance of operation (Note 1)
Subsequent events (Note 19)

EA EDUCATION GROUP INC.
(FORMERLY, “KENIEBA GOLDFIELDS LTD.”)
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND OTHER COMPREHENSIVE INCOME
(Expressed in Canadian dollars)
For the Years Ended August 31, 2015 and 2014

		August 31, 2015		August 31, 2014 (Restated-Note 21)
REVENUES	$	1,606,346	$	1,033,401
DIRECT COSTS		902,209		370,589
		704,137		662,812
OTHER EXPENSES				
Depreciation and amortization		16,819		3,202
Bank charges		4,509		866
Marketing and promotion		314,135		90,283
Professional fees		270,488		154,463
Payroll and consulting		574,379		101,839
Travel, automobile and entertainment		145,986		35,147
Commissions		8,857		-
Rent		96,429		29,799
General and administrative		51,087		29,528
Bad debt (Note 8)		139,710		-
Other tax expenses		112,746		68,016
		1,735,145		513,143
Operating income (loss)		(1,031,008)		149,669
Foreign exchange gain		1,037		-
Interest income		22,402		9,271
Listing Expenses (Note 6)		(1,006,340)		-
Net income (loss)		(2,013,909)		158,940
Other comprehensive income		175		-
Total comprehensive income	$	(2,013,734)	$	158,940
Basic and diluted earnings (loss) per share (Note 18)	$	(0.02)	$	0.01

EA EDUCATION GROUP INC.
(FORMERLY, "KENIEBA GOLDFIELDS LTD.")
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Issued Shares	Share Capital	Reserve	Retained Earnings (deficits)	Accumulated Other Comprehensive	Total Equity
August 31,2013	1	$ 1	$ -	$ (203,819)	$ -	$ (203,818)
Issuance of share capital	1,000,000	99		-	-	99
Net income for the year		-		158,940	-	158,940
August 31,2014	1,000,001	100	-	(44,879)	-	(44,779)
Stock exchange related to the reverse takeover	(1,000,001)	-		-	-	-
Receipt of Kenieba shares (Note 6)	120,000,000	-		-	-	-
Fair value of Kenieba's previous outstanding shares (Note 6)	24,065,868	1,203,293		-	-	1,203,293
Fair value of Kenieba's outstanding warrants (Note 6)	-		167,470	-	-	167,470
Private placement on February 18, 2015	15,000,000	750,000		-	-	750,000
Finder's fee paid in cash	-	(60,000)		-	-	(60,000)
Private placement on April 27, 2015	8,452,000	1,690,400		-	-	1,690,400
Finder's fee paid in cash	-	(106,032)		-	-	(106,032)
Issued shares for Duke College acquisition	1,500,000	300,000		-	-	300,000
Private placement closed on August 24, 2015	2,115,000	423,000		-	-	423,000
Net loss for the year				(2,013,909)	-	(2,013,909)
Other comprehensive income					175	175
August 31,2015	171,132,868	$ 4,200,761	$ 167,470	$ (2,058,788)	$ 175	$ 2,309,618

EA EDUCATION GROUP INC.
(FORMERLY, "KENIEBA GOLDFIELDS LTD.")
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	August 31, 2015	August 31, 2014
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income (loss) for the year	$ (2,013,909)	$ 158,940
Items not involving cash		
Depreciation	79,947	63,202
Bad debt expense	139,710	-
Listing expenses	1,006,340	-
Interest income	(22,402)	-
Changes in non-cash working capital		
Accounts receivable	207,944	(402,347)
Deferred revenue	80,539	86,603
Accounts payable	185,006	169,579
Prepaid expenses	(3,448)	(6,608)
Due to related parties	(1,953,958)	417,804
Net cash from (used in) operating activities	(2,294,231)	487,173
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Additions to property, plant and equipment	(25,946)	(40,559)
Increase in Loan Receivable	(658,000)	-
Net cash acquired in reverse takeover	1,154,004	-
Net cash used in acquisition of Duke	(130,525)	-
Net cash from (used in) investing activities	339,533	(40,559)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issuance of share capital	2,113,400	99
Share issue costs	(166,032)	-
Net cash from financing activities	1,947,368	99
Increase (decrease) in cash for the year	$ (7,330)	$ 446,713
Cash, beginning of the year	$ 446,713	$ -
Cash, end of the year	$ 439,383	$ 446,713

1. NATURE AND CONTINUANCE OF OPERATIONS

EA Education Group Inc. (formerly "Kenieba Goldfields Ltd.") (the "Company") was incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario) under the name "1156261 Ontario Inc." on November 21, 1995. The Company changed its name to "Croesus Gold Inc." on July 19, 1996, and continued into British Columbia pursuant to the *Business Corporations Act* (British Columbia) on November 17, 2006 under the name "Croesus Gold Inc.". On June 20, 2008, the Company changed its name to "Kenieba Goldfields Ltd." ("Kenieba") that was listed on the Canadian Securities Exchange ("CSE") under the trading symbol "KEN". Its principal business at the time was to acquire, explore and develop mineral property.

On February 18, 2015, Kenieba acquired 100% ownership of EA Education Group Inc. ("EAEG Private") by issuing 120,000,000 common shares to the shareholders of EAEG Private. The reverse takeover ("RTO") resulted in the previous shareholders of EAEG Private obtaining control of the combined entity. Subsequent to the acquisition, Kenieba changed its name to EA Education Group Inc. and its stock symbol from "KEN" to "EA".

The Company, together with its subsidiaries, provides international educational service and comprehensive student housing services in Canada and China. The address of the Company's corporate office and principal place of business is 1 Scarsdale Road, Toronto, Ontario M3B 2R2.

The consolidated financial statements for the year ended August 31, 2015 were approved and authorized for issuance by the Board of Directors of the Company on December 29, 2015.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on the IFRS issued and outstanding as at the date the Board of Directors approved these financials for issue.

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment to assess the Company's ability to continue as a going concern and the existence of conditions that cast doubt upon the going concern assumption. It is management's assessment that the going concern assumption is appropriate based on its continued ability to raise funds and its ability to develop profitable operations.

For the year ended August 31, 2015, the Company reported a net income (loss) of $(2,013,909) (August 31, 2014: $158,940) and as at that date had retained earnings (deficit) of $(2,058,788) (August 31, 2014: $(44,879)). While in the past, the Company has been successful in obtaining funding from equity financings, shareholders' loans or through other arrangements, there is no assurance that these initiatives will be successful in the future. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis and prepared using the accrual basis of accounting.

Basis of Consolidation

These consolidated financial statements include the accounts of EA Education Group Inc. (formerly "Kenieba Goldfields Ltd.") and its wholly-owned subsidiaries EAEG, Duke College Inc., and EA International Education Co., Limited, which are controlled by the Company.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in banks and highly liquid money market securities and investment deposits issued by banks with an original maturity of three months or less.

Accounts Receivable

Trade receivables are stated at original invoice amount less allowance made for doubtful receivables based on a review of all outstanding amounts at the year end. An allowance for doubtful receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Bad debts are written off when identified.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost (including directly applicable taxes, freight-in and installation costs, net of accumulated amortization and accumulated impairment losses. Depreciation is recognized to write off the cost of assets less their residual value over their estimated useful lives at the following annual rates:

- Computer equipment - 30% per annum
- Furniture and equipment - 20% per annum
- Leasehold improvements - straight-line over the lesser of lease term and three years

The Company reviews the estimated useful lives, residual values and depreciation method at each period-end, accounting for the effect of any changes in estimate on a prospective basis.

Intangible Assets Acquired

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are

accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Revenue Recognition and Deferred Revenue

Revenue is derived from the supply of student housing, educational program and service, and international education exchange events. A summary of the revenue recognition policies for each of the Company’s business segments is as follows:

Revenue from student housing fees is recognized on a straight-line basis over the term of student housing service.

Education program & service is derived from initial royalty fees relating to new EA clubs opening, annual management fee charged with a flat rate to each EA club, one-time student registration fees charged by the Company for students enrolled in its EA clubs in China, and tuition fee of Duke College. Initial royalty fees for new EA clubs are amortized over the term of the service agreements between EA and clubs. Annual management fees are recognized in income on a straight-line basis unless there is significant uncertainty concerning the collectability of such revenues, in which case management fees are recognized when received. One-time student registration fees are recognized when new students enroll in the Company’s EA clubs unless there is significant uncertainty concerning the collectability of such revenues, in which case one-time student registration fees are recognized when received. Tuition fee of Duke College is recognized on a straight-line basis over the period of instruction.

Revenues from international education exchange events are all short term and recognized upon completion of the events.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of unused tax losses and tax credits, as well as 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 for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future and their timing of the reversal can be controlled. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Foreign Currency Translation

The functional currency of the parent and all of its subsidiaries is the Canadian dollar, except for EA international Education Co., Limited of which the functional currency is Chinese Yuan.

Foreign currency amounts are translated to Canadian dollars as follows:
Monetary assets and liabilities are translated at the exchange rates in effect at date of financial position. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the foreign currency rates prevailing at the date of the transaction except for amortization, which is translated at historical rates. Translation gains or losses are included in profit or loss.

Foreign Operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Canadian dollars at average exchange rates for the year. Foreign currency differences are recognized in other comprehensive income in the accumulated other comprehensive income (loss). When a foreign operation is disposed of, the relevant amount in the cumulative amount of foreign currency translation differences is recognized in profit or loss. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss. Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and stock options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their estimated fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Earnings (loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all diluted potential common shares, which comprise warrants and share options issued.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration for the acquisition is measured at the fair values of the assets transferred, the liabilities assumed and the equity interests issued at the acquisition date. The excess of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill. Transaction costs that are incurred in connection with a business combination are expensed as incurred. Any costs associated with the issuance of equity securities are recorded as a reduction of share capital. On an acquisition-by-acquisition basis, any non-controlling interest is measured either at fair value of the non-controlling interest or at the fair value of the proportionate share of the net assets acquired.

Any contingent consideration is measured at the fair value on acquisition date and is included as part of the consideration transferred. The fair value of the contingent consideration is re-measured at each reporting date with the corresponding gain or loss being recognized in net income or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net

assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Financial Instruments

Financial assets

The Company's financial assets and financial liabilities are classified as held-for-trading, loans and receivables or other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Held-for-trading financial instruments are measured at fair value with changes in fair value recognized in the statements of comprehensive income in the periods in which such changes arise. Loans and receivables and other financial liabilities are initially recorded at fair value and subsequently measured at amortized cost.

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset, with impairment losses recognized in the statements of comprehensive income.

The Company designates its cash as held-for-trading, which is measured at fair value. Trade and other receivables and due from related parties are classified as loans and receivables, which are measured at amortized cost. Trade and other payables and due to related parties are classified as other financial liabilities, which are measured at amortized cost, using the effective interest rate method.

Transaction costs are included in the initial measurement of financial assets and liabilities, except for those classified as fair value through income.

Financial Liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash	Loans and receivables
Trade and other receivables	Loans and receivables
Loan receivable	Loans and receivables
Due from related parties	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Due to related parties	Other liabilities

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from fair value of financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value though profit or loss are recognized immediately in profit or loss.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit and loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates about and apply assumptions or subjective judgment to future events and other matters that affect the reported amounts of the Company’s assets, liabilities, expenses and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company’s consolidated financial statements are prepared. Management reviews, on a regular basis, the Company’s accounting policies, assumptions, estimates and judgments in order to ensure that the consolidated financial statements are presented fairly and in accordance with IFRS.

Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment.

Management considers the following areas to be those where the significant estimates, which may involve assumptions requiring the application of judgments, are used in the preparation of the Company’s consolidated financial statements.

Useful Life of Intangible Assets

Management has applied judgments in determining the useful life of intangible assets with finite life. The useful lives are reviewed at each financial year end and adjusted prospectively.

Valuation of Accounts Receivable

Management has made an assessment of whether trade receivables are collectable from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment on an individual basis for major clients, and, if required, using a set percentage applied to the aging of trade receivables based on historical pattern. Trade receivables are written off once determined not to be collectable. If future collections differ from estimates, future profit would be affected.

Business Combinations and Valuation of Goodwill and Intangible Assets

The allocation of the purchase price for acquisitions involves determining the fair values assigned to intangible assets acquired. The Company estimated the fair value based on value in use. The calculations of value in use related to the acquisition of Duke College Inc. are most sensitive to the following assumptions:

- Gross margin
- Discount rates
- Growth rate

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the year ended August 31, 2015. Management prepares the financial statements on a going concern basis less management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company. The key assumptions used to determine the recoverable amount for the CGUs are disclosed and further explained in Note 17.

5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

New and Amended Standards and Interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after September 1, 2014. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time, they did not have a material impact on the annual consolidated financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Annual Improvements 2010-2012

Cycle With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Company has applied these improvements for the first time in these consolidated financial statements. They include:

- IFRS 2 Share-based Payment
  This improvement is applied prospectively and clarifies various issues relating to the

definitions of performance and service conditions which are vesting conditions. IFRS 3 Business Combinations The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39.

- IFRS 8 Operating Segments
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
  The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the Company because it doesn't use revaluation model.

- IAS 24 Related Party Disclosures The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these consolidated financial statements. They include:

- IFRS 3 Business Combinations
  The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
  - Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
  - This scope exception applies only to the accounting in the financial statements of

the joint arrangement itself the Company is not a joint arrangement, and thus this amendment is not relevant for the Company and its subsidiaries.

- IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.
- IAS 40 Investment Property The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment did not impact the accounting policy of the Company because the Company doesn't have any investment property.

Future accounting standards:

- *IAS 1 Presentation of Financial Statements* was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The effective date is for annual periods beginning or after January 1, 2016. Entities may still choose to apply IFRS 1 immediately, but are not required to do so.

- *IFRS 9 Financial Instruments: Classification and Measurement* was issued by the IASB in October 2010 and will replace 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is available for application, with the mandatory effective date expected to be on or after January 1, 2018.

- *IFRS 15 Revenue from Contracts with Customers* was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those

goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The effective date is for annual periods beginning or after January 1, 2018. Entities may still choose to apply IFRS 15 immediately, but are not required to do so.

6. REVERSE TAKEOVER

On February 18, 2015, Kenieba Goldfields Inc. ("Kenieba") acquired 100% ownership of EA Education Group Inc. ("EAEG Private") by issuing 120,000,000 common shares to the shareholders of EAEG Private. The reverse takeover ("RTO") resulted in the previous shareholders of EAEG Private took control of the combined entity. Subsequent to the acquisition, Kenieba changed its name to EA Education Group Inc. and its stock symbol from "KEN" to "EA".

As Kenieba did not qualify as a business prior to the RTO according to the guidance in IFRS 3, for accounting purposes, this acquisition is accounted for as a reverse takeover transaction and as a share-based transaction in return for the assets acquired and the listing cost.

Accounting for the acquisition as a reverse takeover results in the following:

(i) The consolidated entity is considered to be a continuation of EAEG Private, with the net identifiable assets of Kenieba deemed to have been acquired by EAEG Private.

(ii) Since EAEG Private is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

(iii) The common shares, warrants, contributed surplus and deficit of Kenieba up to the date of RTO was eliminated.

(iv) The number of shares issued in the consolidated entity is that of Kenieba up to the RTO date on February 18, 2015, plus all shares issued on and after the RTO date.

(v) The identifiable assets acquired and liabilities of Kenieba assumed by EAEG Private are measured at their fair values at the acquisition date. Excess of the aggregate of the consideration transferred by EAEG Private over the fair value of the identifiable net assets acquired and liabilities of Kenieba assumed by EAEG Private is attributable to the cost of obtaining a listing status. This amount is expensed as it does not meet the criteria for recognition as an asset.

(vi) The fiscal year end was changed from December 31 to August 31 to be consistent with the fiscal year end of EAEG Private.

The following are the fair values of Kenieba's assets acquired and liabilities assumed by EAEG Private on February 18, 2015 and consideration paid by EAEG Private:

Net Assets (Liabilities) Acquired

Cash	$	1,154,004
GST receivable		7,311
Accounts payable		(46,892)
Subscription receipts		(750,000)
Net assets acquired:	**$**	**364,423**

Consideration Paid

Fair value of Kenieba's 24,065,868 existing common shares deemed issued by EAEG Private (at $0.05 per share)	$	1,203,293
Fair value of Kenieba's existing 6,875,000 stock warrants deemed issued by EAEG Private (at $0.024* per warrant)		167,470
Total consideration paid:	**$**	**1,370,763**

* The fair value of warrants is valued by using the Black-Scholes option pricing model with the following assumptions:

Stock price volatility	195%
Risk free interest rate	0.42%
Expected life	1.33 year
Expected dividend yield	0

Costs Attributable to Obtaining a Listing Status:

Total consideration paid	$	1,370,763
Net assets acquired		(364,423)
Listing costs:	**$**	**1,006,340**

7. ACQUISITION OF DUKE COLLEGE INC.

On June 15, 2015, EA Education Group Inc. (“EA”) closed the acquisition of Duke College Inc. (“Duke”). According to the Share Purchase Agreement, EA has acquired all the issued and outstanding shares of Duke.

The total purchase price of **$500,000** includes:

(1) **$200,000** cash
(2) **$300,000** in form of 1,500,000 of common shares of the Company at $0.20 per share.

The Net Assets acquired at fair value

Cash	$	69,475
Accounts receivable		898
Rent deposit and prepaid rent		5,434
Leasehold improvement, furniture and equipment		23,280
Intangible assets		286,043
Subtotal –Assets		**385,130**
Accounts payable		(32,598)
Deferred revenue		(121,361)
Deferred income tax liabilities		(12,308)
Subtotal – Liabilities:		**(166,267)**
Goodwill		**281,137**
Total Net Assets (including Goodwill):	**$**	**500,000**

The deferred tax liabilities mainly comprise the tax effect of the accelerated depreciation for tax purposes of tangible assets and intangible assets.

The goodwill of $281,137 comprises the value of expected synergies arising from the acquisition, which is not separately recognized. None of the goodwill recognized is expected to be deductible for income tax purposes.

Since the acquisition, Duke College Inc. had sales of $47,565 and loss before taxes of $69,086 up to August 31, 2015. If the acquisition had occurred on September 1, 2014, management estimates that sales would have been $488,284 and loss before taxes for the same year would have been$10,971. In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition dates would have been the same if the acquisition had occurred on September 1, 2014.

8. ACCOUNTS RECEIVABLE

Accounts receivable consisted of trade receivable of $20,672 (2014: $410,811) and HST receivable of $50,694 (2014: nil) as of August 31, 2015. The aging of trade receivable, net of allowance for doubtful accounts, at each reporting date was as follows:

		August 31, 2015		August 31, 2014
Current to 30 days	$	-	$	390,192
31 to 90 days		6,037		-
91 to 180 days		647		20,619
181 days to 365 days		13,988		-
Total	**$**	**20,672**	**$**	**410,811**

During the year ended August 31, 2015, $139,710 of the trade receivable was written off because management determined that the amount is not collectable.

9. CAPITAL ASSET

		Lease Improvements		Furniture		Equipment		Vehicle		Total
Cost										
Balance at August 31, 2013	$	-	$	-	$	-	$	-	$	-
Additions		14,087		12,566		13,906		-		40,559
Balance at August 31, 2014	$	14,087	$	12,566	$	13,906	$	-	$	40,559
Additions		-		34,236		9,317		5,673		49,226
Balance at August 31, 2015	**$**	**14,087**	**$**	**46,802**	**$**	**23,223**	**$**	**5,673**	**$**	**89,785**

		Lease Improvements		Furniture		Equipment		Vehicle		Total
Accumulated amortization										
Balance at August 31, 2013	$	-	$	-	$	-	$	-	$	-
Amortization		805		768		1,629		-		3,202
Balance **at August 31, 2014**	$	805	$	768	$	1,629	$	-	$	3,202
Amortization		4,830		5,091		6,047		851		16,819
Balance at August 31, 2015	**$**	**5,635**	**$**	**5,859**	**$**	**7,676**	**$**	**851**	**$**	**20,021**

		Lease Improvements		Furniture		Equipment		Vehicle		Total
Net Carrying Amounts										
At August 31, 2014	$	13,282	$	11,798	$	12,277	$	-	$	37,357
At August 31, 2015	**$**	**8,452**	**$**	**40,943**	**$**	**15,547**	**$**	**4,822**	**$**	**69,764**

10. INTANGIBLE ASSETS

	EAEG's curriculum purchased	Duke's education licenses	Duke's education programs	Total
Cost				
Balance at August 31, 2013	$ 300,000	$ -	$ -	300,000
Additions	-	-	-	-
Balance at August 31, 2014	$ 300,000	$ -	$ -	300,000
Acquisition of Duke College	-	241,000	45,043	286,043
Balance at August 31, 2015	**$ 300,000**	**$ 241,000**	**$ 45,043**	**586,043**

	EAEG's curriculum purchased	Duke's education licenses	Duke's education programs	Total
Accumulated amortization				
Balance at August 31, 2013	$ 31,000	$ -	$ -	31,000
Amortization	60,000	-	-	60,000
at August 31, 2014	$ 91,000	$ -	$ -	91,000
Amortization	60,000	-	3,128	63,128
Balance at August 31, 2015	**$ 151,000**	**$ -**	**$ 3,128**	**154,128**

	EAEG's curriculum purchased	Duke's education licenses	Duke's education programs	Total
Net Carrying Amounts				
At August 31, 2014	**$ 209,000**	**$ -**	**$ -**	**209,000**
At August 31, 2015	**$ 149,000**	**$ 241,000**	**$ 41,915**	**431,915**

11. SHARE CAPITAL

Authorized:
Unlimited number of common shares without par value.

Issuances of share capital:

a) In 2013, EAEG Private issued 1,000,000 common shares for gross proceeds of $99.

b) On February 18, 2015, in a reverse takeover acquisition, the outstanding shares of EAEG Private were exchanged for 120,000,000 common shares of the Company.

c) Concurrent with the reverse takeover transaction, the Company completed a non-brokered private placement for 15,000,000 common shares at $0.05 per share for aggregate proceeds of $750,000. The Company paid finder’s fees of $60,000 in cash.

d) On April 27, 2015, the Company completed the first tranche for 8,452,000 common shares for an aggregate amount of $1,690,400. The Company continues its offering to raise up to $4,000,000. The Company paid finder’s fees of $106,032 in cash.

e) On June 15, 2015, 1,500,000 common shares were issued at $0.20 for the acquisition of Duke.

f) On August 24, 2015, the Company closed on the second tranche of the private placement, which raised aggregate gross proceeds of $423,000 by the issuance of 2,115,000 common shares at $0.20 per common share.

Securities held in escrow

Pursuant to the escrow agreement, 120,000,000 common shares issued to the shareholders of EAEG Private were escrowed subject to release only with regulatory approval to the release provisions of the escrow agreement. As of August 31, 2015, 80,000,000 common shares are still held in escrow.

Stock options

Concurrent with the reverse takeover transaction, the Company adopted its existing stock option rolling plan to reserve 10% of issued shares for issuance to executive officers, directors, employees and consultants of the Company. Under the plan, the exercise price of each option is set on the date of grant at no less than the discount market price of the Company’s stock as determined per the CSE policy. Options granted under the plan have a term not to exceed ten years and are subject to vesting provisions as determined by the board of directors. There were no stock options granted during the years ended August 31, 2015 and 2014. There were no stock options outstanding as at August 31, 2015 and 2014. No stock-based compensation expense was recognized for the years ended August 31, 2015 and 2014.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price	Weighted Average Life Remaining
Warrants outstanding and exercisable, August 31, 2013	-		-	-
Warrants issued	6,875,000	$	0.10	-
Warrants outstanding and exercisable, August 31, 2014	6,875,000	$	0.10	1.80
Warrants issued	-		-	-
Warrants outstanding and exercisable, August 31, 2015	**6,875,000**	**$**	**0.10**	**0.80**

As at August 31, 2015, the following warrants were outstanding:

Number of Warrants		Exercise Price	Expiry Date
6,875,000	$	0.10	June 17, 2016

The Company issued a total of 6,875,000 warrants associated with a private placement of Kenieba Goldfields Ltd. exercisable at $0.10 within two years from the date of grant on June 17, 2014.

12. INCOME TAX

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended August 31, 2015 and 2014:

		August 31, 2015		August 31, 2014
Income (loss) before income taxes	$	(2,013,909)	$	158,940
Statutory tax rate		21.00%		15.50%
Expected income tax (recovery)		(422,921)		24,636
Non-deductible expense		216,763		-
Change in tax rate		(54,842)		-
Foreign tax rate difference		(32,182)		-
Change in deferred tax asset not recognized		293,182		(18,153)
Total deferred income tax expense (recovery)		-		6,483
Current income tax expense		-		6,483

The Company's current income tax rate increases from 15.5% to 26.50% during the year reflecting its status change from a Canadian-controlled private corporation to a public corporation as a result the reverse takeover transaction. The average tax rate for the Company during the year is 21.00%.

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at August 31, 2015 and 2014 are comprised of the following:

		August 31, 2015		August 31, 2014
Non capital loss carryforward	$	265,422	$	-
Property and equipment		2,293		2,930
Charitable donation		617		-
Financing costs		40,780		-
		309,112		2,930
Deferred tax asset not recognized		309,112		2,930
		-		-
Deferred tax liability assumed in business combination		(12,308)		-
Net deferred tax asset (liability)	$	(12,308)	$	-

The Company has non capital loss carryforwards of approximately $919,282 (2014: nil) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	
2033	53,813
2034	196
2035	865,219
	919,228

The Company has non capital loss carryforwards of approximately $21,827 which may be carried forward indefinitely to apply against future year income for Hong Kong income tax purposes, subject to the final determination by taxation authorities.

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL COMPENSATION

The Company defines related parties to include significant shareholders, key management and officers and directors, as well as companies controlled by them.

		August 31, 2015		August 31, 2014
Due from Zhongjiu (a)	$	226,598	$	212,859
Due from shareholders (b)		790,580		-
Due from EA Homestay Inc. (c)		41,998		-
Due from related parties	**$**	**1,059,176**	**$**	**212,859**
Due to shareholders (b)	$	-	$	(1,148,218)
Due to directors (d)		(33,000)		-
Due to ISMAC (e)		-		(3,000)
	$	**(33,000)**	**$**	**(1,151,218)**

(a) On March 28, 2012, the Company entered into a Strategic Partnership Cooperation Agreement (the "Agreement") with Guangzhou Zhongjiu Education Consulting Co., Ltd ("Zhongjiu"), a company controlled by significant shareholders who are also officers and directors of the Company. The Agreement is for ten years until March 27, 2022. At the expiry date, the Agreement will be automatically renewed for the same period unless one or both of the parties terminates the Agreement. As a strategic partner of the Company, Zhongjiu is to represent the Company to collectively market and execute the Company's growth strategy in China. The day-to-day management of the Company's EA clubs is entrusted with Zhongjiu, but the overall management of these Company's EA clubs in China still rests with the Company. Zhongjiu itself also owns an EA club ("Zhongjiu Club").

In return, the Company waived Zhongjiu Club's education service fee until December 31, 2013. The Company has continued to charge Zhongjiu for its ongoing management fees and student registration fees since January 1, 2014. In addition, when the number of the Company's EA clubs in China reaches more than 50, 20% of the service fee from these clubs will be shared by Zhongjiu. For the year ended August 31, 2015, the revenue from Zhongjiu was $250,697(2014: $211,133). As of August 31, 2015, the balance of due from Zhongjiu is $226,598 (2014: $212,859). The Company also has a loan receivable from Zhongjiu (Note 14).

(b) Due from shareholders as at August 31, 2015 comprised promissory notes from the two significant shareholders of the Company (the "Shareholders") who are also the officers and

directors of the Company. The promissory notes were signed in June 2015 and bore interest of 8% per annum. The promissory notes were due on demand of the Company and paid off by the Shareholders subsequent to the year end (Note 19).

As of August 31, 2014, due to shareholders of $1,148,218 comprises mainly of various expenditures paid by the Shareholders on behalf of the Company to sustain the Toronto office's daily operations and unpaid salaries. Due to shareholders bore no interest and was due on demand.

(c) EA Homestay Inc. is a company controlled by one of the Shareholders. EA Homestay Inc. paid certain expenditures related to the Company's student housing services on behalf of the Company.

(d) Due to directors represents the director fees payable to the Company's directors.

(e) On April 3, 2014, the Company signed an one-year Sponsorship Agreement with International Student Management and Association of Canada ("ISMAC") for education marketing and supporting services. The agreement was effective from June 1, 2014 to May 31, 2015. The annual sponsorship fee was $36,000. After May 31, 2015, the Company did not renew this sponsorship agreement. ISMAC is a non-profit organization controlled by the Shareholders. The sponsorship fee was related to marketing and supporting services provided by ISMAC. For the year ended August 31, 2015, marketing and promotion expenses of $27,000 were related to this agreement and recorded in profit or loss. As at August 31, 2015, the Company owed $nil (August 31, 2014:$3,000) payable to ISMAC.

(f) For the year ended August 31, 2015, the Company incurred compensation to the Company's officers and directors in the amount of $282,124 (2014 - $60,000).

(g) The Company rented two properties from one of the Shareholders for the Company's student housing services and paid rent in the amount of $122,400 for the year ended August 31, 2015 (2014: nil).

14. LOAN RECEIVABLE

Loan receivable consisted of the following:

(a) A loan agreement with Access International Education Inc., a Canadian public company (symbol: AOE) was signed on November 27, 2013. The loan receivable is unsecured and bears interest of 8% per annum. The loan receivable is renewable every 3 months at the option of the Company. The balance of this loan receivable is $171,271 as of August 31, 2015 (2014: $159,271). The balance is expected to be paid off on January 22, 2016.

(b) Promissory notes agreements with the related party, Zhongjiu were signed in 2015. The promissory notes bear interest of 8% per annum and are repayable in one year from the day of advance. The promissory notes are guaranteed by the Shareholders personally. The total balance of the promissory notes is $658,000 as of August 31, 2015 (2014: nil).

15. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT

Fair Value

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements:

- Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - one or more significant inputs used in a valuation technique to determine fair value are unobserved.

The Company did not have any financial instruments measured at fair value as of August 31, 2015 and 2014.

The carrying amount of the Company’s cash, trade receivable, due to and due from related parties, loan receivable, accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments.

Risk

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

Credit risk

Credit risk is the loss associated with counterparty’s inability to fulfill its payment obligations. The Company’s exposure to credit risk includes cash and cash equivalents, trade and other

receivables, loan receivable and due from related parties. The Company’s maximum exposure to credit risk is equal to the carrying value of these financial assets. The Company reduces its credit risk by: maintaining its bank accounts at large financial institutions, and monitoring trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that sufficient cash and credit facilities are available to meet liabilities when due. As at August 31, 2015, the Company had working capital (deficiency) of $1,539,110 (August 31, 2014: $(291,136)). The Company remains dependent on the continued financial support of its Shareholders and is subject to significant liquidity risk.

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 rate between the Canadian Dollar relative to Chinese Yuan would not had a significant effect on the Company’s results of operations during the years ended August 31, 2015 and 2014.

Capital Management

The Company’s capital management objectives are to ensure sufficient liquidity to support its financial obligations and raise the necessary equity financing to execute its operating and strategic growth plans.

In the management of capital, the Company includes items in shareholders’ equity (excluding accumulated other comprehensive income) in the definition of capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. 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 Board of Directors oversees the Company’s capital structure and financial management, approves matters related to acquisitions, investments and financing and continuously monitors the Company’s exposure to financial risks.

The Company is still currently in its development stage, and has not paid dividends on any occasion, but has instead reinvested the generated profits mainly to finance ongoing development activities and thereby create growth for the Company. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned business expansion and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

16. SEGMENT INFORMATION

The Company operates in a single segment, being the provider of education programs to students in China and Canada. In presenting information on the basis of geographical information, segment revenue is based on the geographical location of the customers. A summary of geographical information for the Company's revenue for the year is as follows:

	Canada	China	Total
Year ended August 31, 2015	$ 773,024	$ 833,322	$ 1,606,346
Year ended August 31, 2014	$ 530,627	$ 502,774	$ 1,033,401

17. GOODWILL AND INTANGIBLE ASSETS WITH INDEFINTE LIVES

The Company performed its annual impairment test as at August 31, 2015. The recoverable amount related to Duke College is $527,357 as at August 31, 2015 is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 16.9%. The growth rate used to extrapolate the cash flows of tuition fee beyond the five-year period is 2.0%. As a result of the analysis, there is a head room of $88,757 and management did not identify impairment for this CGU in which has goodwill of $281,137 and intangible assets with indefinite lives of $241,000 are allocated.

18. EARNINGS (LOSS) PER SHARE

	August 31, 2015	**August 31, 2014**
Income (loss) for the purpose of calculation of basic and diluted earnings (loss) per share	(2,013,909)	158,940
Weighted average number of shares for the purpose of calculation of basic and diluted earnings (loss) per share	99,496,893	24,065,868
Basic and diluted earnings (loss) per share	(0.02)	0.01

The calculation of earnings (loss) per share is determined by making reference to the guidance for reverse acquisition under IFRS 3 Business Combination. As such, instead of basing on shares of the Company in issue during the year, the weighted average number of shares used for the purpose of calculating loss per share for the year ended August 31, 2015 reflects the legal acquiree’s weighted average pre-combination ordinary shares multiplied by the exchange ratio established in the acquisition, and the weighted average total actual shares of the legal parent in issue after the date of acquisition.

The number of shares used for the purpose of calculating earnings per share for the year ended August 31, 2014 has also been restated to reflect the effect of the reverse takeover.

19. SUBSEQUENT EVENTS

As at December 24, 2015, the promissory notes receivable from the Shareholders in the amount of $790,580 has been paid off by the Shareholders.

20. COMMITMENTS

The Company and its subsidiaries have entered into operating leases on certain premises and motor vehicles, with lease term between one year and four years.

Future minimum rentals payable under non-cancellable operating leases as at August 31, 2015 is, as follows:

		August 31, 2015
Within one year	$	200,027
After one year but not more than five years		99,460
More than five years		-
Total Commitments	$	299,487

21. CORRECTION OF PRIOR YEAR ERRORS

(a) Withholding tax and value-added tax

The Company’s revenue from China is subject to 10% withholding tax and / or 6% value-added tax. In prior year, the provisions related to these taxes were not accrued. Therefore, adjustment is required. As a result of the adjustment, accounts payable increased by $68,016 and other taxes expenses increased by $68,016. The basic and diluted earnings per share (EPS) decrease by $0.003.

The change did not have an impact on other comprehensive income for the year or the Company’s operating, investing and financing cash flows.

(b) Loans receivable from Access International Education Ltd.

The Company signed a loan agreement with Access International Education Ltd., (“AIE”) a public company in Canada (symbol: AOE) in 2013 and advanced $150,000 to AIE. Refer to Note 14 (a) for the details of the loan receivable. The loan receivable was recorded as due from shareholder and interest income was not accrued. Therefore, adjustment is required. As a result of the adjustment, the balance due to shareholders increased by $150,000, the loan receivable increased by $159,271, and equity and interest income both increased by $9,271. The basic and diluted earnings per share (EPS) increased by $0.0004. The change did not have an impact on other comprehensive income for the year or the Company’s operating, investing and financing cash flows.