CIBT EDUCATION GROUP INC.

MANAGEMENT'S DISCUSSION & ANALYSIS
(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

FOR THE QUARTER ENDED NOVEMBER 30, 2015

CIBT EDUCATION GROUP INC.
(the "Company")
MANAGEMENT'S DISCUSSION & ANALYSIS
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The following Management's Discussion & Analysis ("**MD&A**") is prepared in accordance with National Instrument 51-102F1, and should be read in conjunction with the consolidated financial statements and related notes for the quarter ended November 30, 2015, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The comparatives in this MD&A have been presented in accordance with IFRS. Additional information about the Company, including its annual information form, are available under the Company's profile on SEDAR (www.sedar.com).

This MD&A contains certain forward-looking statements, which relate to future events or the Company's future performance that include terms such as "will", "intend", "anticipate", "could", "should", "may", "might", "expect", "estimate", "forecast", "plan", "potential", "project", "assume", "contemplate", "believe", "shall" and similar terms. These statements involve known and unknown risks, uncertainties and other factors that are beyond the Company's control, which may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These forward-looking statements speak only as of the date of this MD&A, and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities law.

All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of January 13, 2016. In this MD&A, the following terms have the meanings shown:

"**Fiscal 2016**" means the fiscal year ending August 31, 2016
"**Fiscal 2015**" means the fiscal year ending August 31, 2015
"**Fiscal 2014**" means the fiscal year ending August 31, 2014
"**First Quarter of Fiscal 2016**" means the three months ended November 30, 2015
"**First Quarter of Fiscal 2015**" means the three months ended November 30, 2014
"**Second Quarter of Fiscal 2015**" means the three months ended February 28, 2015
"**Third Quarter of Fiscal 2015**" means the three months ended May 31, 2015
"**Fourth Quarter of Fiscal 2015**" means the three months ended August 31, 2015

NON-IFRS FINANCIAL MEASUREMENTS

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") are non-IFRS financial metric used in this Management's Discussion & Analysis. These non-IFRS financial measurements do not have any standardized meaning as prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses EBITDA metrics to measure the profit trends of the business units and segments in the consolidated group since it eliminates the effects of financing decisions. Certain investors, analysts and others utilize these non-IFRS financial metrics in assessing the Company's financial performance. These non-IFRS financial measurements have not been presented as an alternative to net loss or any other financial measure of performance prescribed by IFRS. Reconciliation of the non-IFRS measure has been provided throughout this MD&A.

Date of Report – January 13, 2016

NATURE OF BUSINESS

CIBT Education Group Inc. is an education management company focused on the global education market since 1994. Listed on the Toronto Stock Exchange (TSX) under the trading symbol "MBA" and quoted on the OTCQX-International under the trading symbol "MBAIF", the Company owns and operates a network of business, technical and language colleges in North America and Asia. Its real estate arm owns a network of serviced apartments and hotels that provides student housing to over 100 partner schools in Vancouver, Canada. The Company's education platform continues to feed international students to its rapidly growing student housing portfolio.

The Company's operating entities are as follows:

Legal / Operating Entity	**Business Description**
CIBT School of Business & Technology Corp. ("**CIBT**" or "**CIBT China**")	Chinese Associate Degree provider offering automotive technical training, English teacher preparation, ESL, and accounting.
Sprott-Shaw College ("**SSDC**")	Private career and technical training college offering diplomas and certificates in health care, tourism, hospitality, business, administrative, and international studies.
Acsenda School of Management (a division of SSDC)	Degree-granting business management school with University level programs.
Global Education Alliance Inc. ("**GEA**")	International students' referral and on-ground concierge services for elite kindergarten, primary, secondary schools and universities in North America.
Global Education City Holdings Inc. ("**GEC**")	Investment holding and management company with focus on real estate projects in Canada with education and technology sector focus such as student housing and long stay apartments for visiting technology workers.
IRIX Design Group Inc. ("**IRIX**")	Design and advertising company.

The Company's primary business units consist of CIBT (including GEA), SSDC, IRIX, GEC and Corporate (head office) functions.

Industry Growth Prospect

International education is a $10 billion industry in Canada that is growing at an 8% compounded annual growth rate. The industry created 86,570 jobs and generated $455 million in government tax revenues in 2011 according to statistics published by Citizenship and Immigration Canada. The Canadian government is ramping up to become one of the top 5 largest destination countries in the world for foreign students behind the US and the UK. According to a Federal government news release, the quota of international students allowed admission into Canada is expected to climb 80% in 8 years, from 250,000 in 2014 to 450,000 by 2022. In 2014, the number of international students at all levels of study in Canada reached 336,000. Out of this large market, Metro Vancouver is expected to continue to have one of the largest market shares in Canada.

With the mandate of educating domestic students via Sprott Shaw College and Acsenda School of Management, while recruiting foreign students to study at its North American campuses and partner schools and providing them with an enhanced learning experience and employment opportunities, the Company is greatly advantaged by the industry's high growth rate and favourable government policies. The Company has the infrastructure and experience to capitalize on emerging market growth with minimal emerging market risk.

The Company's long term presence in the global education markets allows it to tap into this market to recruit international students to North America. According to the latest statistics from China's Ministry of Education, there were 1.27 million Chinese students studying abroad as at the end of 2010, with 285,000 beginning their studies abroad each year. Although China is the single largest student exporting country in the world, other student exporting countries are India, South Korea, Japan, Spain, Saudi Arabia, Mexico and many other countries from Asia, Latin America and Middle East regions. The high growth in demand from students in the emerging markets to study in countries like Canada, and the Canadian government's support in attracting more foreign students, present the Company with perfect opportunities to use its infrastructure to bridge this gap.

In addition to the fast growing education demand from international students, student housing for international students is an estimated $1.12 billion market in British Columbia. The Company is striving to become more vertically integrated in order to capture the value in this growing market in Metro Vancouver. The Company is actively working with developers in providing serviced apartments and hotels throughout Metro Vancouver to domestic and international students. With this value added service, the Company expects students from its own education subsidiaries and its partner schools to provide a steady supply of international students into its student housing projects, thus significantly enhancing its operations and profitability.

Outlook for Fiscal 2016

The Company is expecting to see strong performance from SSDC as it has finished curriculum updates, streamlined operations, and has extensive experience in the international students market. SSDC has also grown its School of Trades in Burnaby, BC in the recent fiscal quarter to offer full construction electrician and plumbing training. As well, the Province of British Columbia is expected to complete changes to its requirements and provide more certainty. Acsenda School of Management has completed its accreditation review and received Ministry approval for license renewal for another five years, and received Ministry approval to launch its Bachelor degree in hospitality management.

GEA, a subsidiary of the Company, has signed over 100 agreements to recruit foreign students for public and private schools in the kindergarten, primary, secondary, career colleges and university sectors. GEA provides a variety of student services for international students including visa immigration consulting services via its licensed immigration consulting officers, landing service for newly arrived international students, placement service for accommodations, weekend excursions activities, tutoring, and school referral services. GEA has grown substantially from a start-up to an established business with a high profit margin. GEA is expecting to add more partner schools to widen its coverage while demand for its services and expertise is increasing rapidly from foreign students wishing to study in North America.

The flow of foreign students enrolled in the Company's schools, as well as 100+ partner schools serviced by GEA, will be directed to the Company's subsidiary, GEC, to satisfy students' accommodation needs. GEC was established as a student housing investment and management arm. Student housing for foreign students will be built under the oversight of, and will be managed by, GEC, adding a further downstream service for international students.

Memoranda of Understanding have been signed with Vancouver developers to build an education super centre attached with a student hotel, and student housing apartments in Metro Vancouver nearby SkyTrain (subway) stations. For the education super center project alone, the plan is to offer 100,000 square feet of commercial office space available for lease to educational institutions and education service companies from around the world wishing to establish a physical presence at North America's first education super centre in addition to the hotel towers for student's accommodations.

In addition to the Company's flagship project, the education super center, the Company has received many proposals from other real estate developers offering their lands, and proposals from schools wishing to establish arrangements with GEC so that the schools can better service their students' accommodation needs. The Company is assessing the viability of these potential sites and working closely with various public and private schools, colleges and universities to fulfill their needs by constructing rental apartments and hotels to accommodate their needs. GEC properties are not exclusive to CIBT schools but are available to all schools within Metro Vancouver on a first come, first served basis. As a secondary market, selected properties will also cater to visiting technology workers as many technology firms from around the world have expanded their development centres to Metro Vancouver, including Microsoft, Sony ImageWorks, Facebook, Yahoo, HootSuite, Alibaba from China, IGG from Singapore, and software development companies from India.

The aggregated construction budget for various GEC projects is approximately $1 billion over several years. The Company is in negotiation with accredited and institutional investors to co-invest in each project in partnership with GEC, thereby reducing the amount of capital required from the Company. Commercial financing will be sought in lieu of diluting GEC's ownership in each project, and vendor financing is also expected in some cases. These projects will create approximately 10,000 beds.

Based upon data from 2013, approximately 112,800 foreign students are living in British Columbia contributing over $2.3 billion to the British Columbia economy. Total housing revenue generated by these foreign students is estimated to be over $1.1 billion per year in BC, an average of $10,000 per student per year and this amount is increasing due to rising property prices. The Company has access to 20,000 international students studying in Metro Vancouver through GEA's 100+ collaborative arrangements with various public and private schools and its wholly owned schools in Canada and Asia. These foreign students are each paying approximately $10,000 to $12,000 per year for their housing needs, totaling over $200 million in potential housing revenue per year for the Company to capture over time. The Company plans to build student centric facilities over a 5-year period to accommodate up to 10,000 foreign students, which accounts for only a small fraction of the anticipated total foreign student population of approximately 200,000 by 2019 in Metro Vancouver. The majority of the schools in Metro Vancouver do not provide student housing for their students, and those that offer student housing do not provide their housing service to students of competing schools. The Company expects to utilize its 22 years of experience in the global education sector and its international network to use this opportunity to operate a profitable student housing business thus complementing the Company's core education business, by bringing vertically integrated services to international students and enhanced value to shareholders. The education real estate business is expected to become a catalyst for top and bottom line growth for the Company.

In fiscal year 2016, the Company will continue to leverage its existing student resources to channel them into GEC's student housing projects. Tenants in the student housing projects will come from a variety of educational institutions and countries to minimize any institution and country related risks. In future, the GEC's scalable real estate division will benefit the Company in four ways: one time structuring fee, steady stream of rental income, ongoing management fees as well as significant capital gain upon exit.

STUDENT HOUSING AND MARKET RENTAL DEVELOPMENT PROJECTS

During Fiscal 2014 and 2015, the Company and a number of its subsidiaries entered into several agreements and organizational transactions in connection with the development of the Company's planned student housing arm. In particular, the Company is planning to convert existing hotels and develop student centric serviced apartments for rental to domestic and foreign students studying in the Metro Vancouver region of British Columbia and to provide various services to the students and their families.

During Fiscal 2015, the Company, through a limited partnership structure, purchased and acquired control of a high-rise multi-purpose rental building including retail, office and residential rental space. The property was purchased to support the development of the Company's planned student housing arm including student centric serviced apartments for rental. The building is currently being renovated with almost all the rooms in the building undergoing conversion into student housing rooms along with facilities designed for students being built to support their needs. Renovation of the building is expected to complete within Fiscal 2016.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected Company financial information for the last eight completed fiscal quarters:

Selected Financial Information	Quarter Ended November 30, 2015 (First Quarter)	Quarter Ended August 31, 2015 (Fourth Quarter)	Quarter Ended May 31, 2015 (Third Quarter)	Quarter Ended February 28, 2015 (Second Quarter)
Total revenues – Continuing operations	$9,364,420	$8,779,190	$7,968,268	$8,307,517
Net income (loss)	$387,900	$3,977,341	($762,419)	$3,457,596
Income (loss) per share	$0.06	$0.06	($0.01)	$0.05
Net income (loss) - CIBT Education Group Inc. shareholders	$512,390	$1,013,083	($289,714)	$1,022,969
Income (loss) per share - CIBT Education Group Inc. shareholders	$0.01	$0.02	($0.00)	$0.02

Selected Financial Information	Quarter Ended November 30, 2014 (First Quarter)	Quarter Ended August 31, 2014 (Fourth Quarter)	Quarter Ended May 31, 2014 (Third Quarter)	Quarter Ended February 28, 2014 (Second Quarter)
Total revenues – Continuing operations	$7,123,976	$5,517,622	$10,146,824	$7,262,141
Net income (loss)	($671,744)	($552,462)	$924,490	($876,426)
Income (loss) per share	($0.01)	($0.01)	$0.01	($0.01)
Net income (loss) - CIBT Education Group Inc. shareholders	($706,318)	($568,123)	$891,186	($916,466)
Income (loss) per share - CIBT Education Group Inc. shareholders	($0.01)	($0.01)	$0.01	($0.01)

Total revenues in the First Quarter of Fiscal 2016 have improved when compared to the First Quarter of Fiscal 2015. The majority of the revenue increase in the First Quarter of Fiscal 2016 came from development fees earned and recognized by the Company in connection with its various real estate development projects in GEC. The Company did not receive any development fees in the First Quarter of Fiscal 2015. GEC generated rental revenues during the First Quarter of Fiscal 2016 whereas there were no rental revenues in the First Quarter of Fiscal 2015. CIBT and GEA had a strong performance in the First Quarter of Fiscal 2016 relative to the First Quarter of Fiscal 2015. Total revenues in the First Quarter of Fiscal 2016 have improved when compared to the Fourth Quarter of Fiscal 2015. Revenues in CIBT, SSDC, GEA and GEC increased during the First Quarter of Fiscal 2016 in comparison to the Fourth Quarter of Fiscal 2015.

Net income (and net income attributable to CIBT Education Group Inc. shareholders) in the First Quarter of Fiscal 2016 increased significantly when compared to the First Quarter of Fiscal 2015. The development fee revenues in the First Quarter of Fiscal 2016 provided the majority of the contribution to the net income during the current period. Net income in the Fourth Quarter of Fiscal 2015 was comprised primarily of $4,327,318 in fair market value appreciation in the value of the Company's investment property as at August 31, 2015. Exclusion of the investment property fair market value appreciation in the Fourth Quarter of Fiscal 2015 would have resulted in a net income that is comparable to the net income in the First Quarter of Fiscal 2016. The non-controlling interests (who own a majority share) in the GEC real estate development projects resulted in net income attributable to CIBT Education Group Inc. shareholders to be less than overall net income in the Fourth Quarter of Fiscal 2015.

The changes in the business and regulatory environment surrounding the education sector in the past few years has started to have a positive impact on the Company's education business units. In addition, the Company's investment into the real estate sector with emphasis on providing student housing services has created a business model that is showing improved results when compared to previous quarters in Fiscal 2015.

OVERALL PERFORMANCE

The table below describes the financial performance of each main business unit (continuing operations) of the Company for the quarter ended November 30, 2015 compared to the quarter ended November 30, 2014.

Selected Financial Information - Three Months Ended	Quarter Ended November 30, 2015	Quarter Ended November 30, 2014	Absolute Change	Percentage Change
Total revenues	$9,364,420	$7,123,976	$2,240,444	31.45%
Total revenues net of direct costs – Overall (%)	61.76%	58.00%	3.76%	6.48%
Educational revenues – CIBT	$744,882	$607,057	$137,825	22.70%
Educational revenues net of direct costs – CIBT (%)	46.25%	40.06%	6.19%	15.45%
Educational revenues – SSDC	$6,314,245	$6,111,570	$202,675	3.32%
Educational revenues net of direct costs – SSDC (%)	57.52%	59.64%	-2.11%	-3.54%
Design and advertising revenues – IRIX	$224,823	$300,461	($75,638)	-25.17%
Design and advertising revenues net of direct costs – IRIX (%)	74.72%	68.43%	6.29%	9.19%
Commissions and referral fees – GEA	$295,607	$104,888	$190,719	181.83%
Commissions and referral fees net of direct costs – GEA (%)	18.95%	36.45%	-17.50%	-48.01%
Rental revenues – GEC	$341,787	$0	$341,787	100.00%
Rental revenues net of direct costs – GEC (%)	40.74%	0.00%	40.74%	100.00%
Development fees – GEC and Corporate	$1,443,076	$0	$1,443,076	100.00%
General and administrative expenses	$4,932,206	$4,584,616	$347,590	7.58%
Income (loss) – Continuing operations	$387,900	($671,744)	$1,059,644	157.75%
Net income (loss)	$387,900	($671,744)	$1,059,644	157.75%
EBITDA [non-IFRS] – Continuing operations	$681,205	($424,533)	$1,105,738	260.46%

The following reconciles the net income (loss) to EBITDA (non-IFRS) for the First Quarter of Fiscal 2016:

	Quarter Ended November 30, 2015	Quarter Ended November 30, 2014
Income (loss) – Continuing operations	$387,900	($671,744)
Add: interest on long-term debt	$48,506	$14,884
Add: income tax (recovery) provision	$0	$3,290
Add: depreciation and amortization	$244,799	$229,037
EBITDA [non-IFRS] – Continuing operations	$681,205	($424,533)

The Company generated an EBITDA of $681,205 in the First Quarter of Fiscal 2016 from continuing operations compared to an EBITDA of ($424,533) loss in the First Quarter of Fiscal 2015, primarily due to development fees of $1,443,076 earned by the Company in the First Quarter of Fiscal 2016.

RESULTS OF OPERATIONS

Selected Financial Information	Three Months Ended November 30, 2015	Three Months Ended November 30, 2014
Total revenues	$9,364,420	$7,123,976
Educational revenues – CIBT	$744,882	$607,057
Educational revenues net of direct costs – CIBT (%)	46.25%	40.06%
Commission revenues – GEA	$295,607	$104,888
Commission revenues net of direct costs – GEA (%)	18.95%	36.45%
Educational revenues – SSDC	$6,314,245	$6,111,570
Educational revenues net of direct costs – SSDC (%)	57.52%	59.64%
Design and advertising revenues – IRIX	$224,823	$300,461
Design and advertising revenues net of direct costs – IRIX (%)	74.72%	68.43%
Rental revenues – GEC	$341,787	$0
Rental revenues net of direct costs – GEC (%)	40.74%	0.00%
Development fees – GEC and Corporate	$1,443,076	$0
General and administrative expenses	$4,932,206	$4,584,616
Share-based payment expense	$250	$2,697
Foreign exchange gain (loss)	$15,486	$84,481
Income tax recovery (provision) – net	$0	($3,290)
Income (loss) – Continuing operations	$387,900	($671,744)
Net income (loss)	$387,900	($671,744)
Income (loss) per share	$0.01	($0.01)
Net income (loss) - CIBT Education Group Inc. shareholders	$512,390	($706,318)
Income (loss) per share - CIBT Education Group Inc. shareholders	$0.01	($0.01)
Total assets	$84,973,543	$42,544,007
Long-term liabilities	$24,729,369	$928,225

Total revenues increased by $2,240,444 (31.45% increase) in the First Quarter of Fiscal 2016 compared to the First Quarter of Fiscal 2015. Development fees earned and recognized in the First Quarter of Fiscal 2016 accounted for $1,443,076 of the increase in total revenues. CIBT, SSDC and GEA showed improved performance in the First Quarter of Fiscal 2016 in comparison to the First Quarter of Fiscal 2015.

CIBT saw a 22.70% increase ($137,825 increase) in revenues for the First Quarter of Fiscal 2016 compared to the same period in the previous year. The increase in revenues came from increased demand for ESL programs and increased enrollment in Weifang University programs in Weifang, China.

SSDC's revenues for the First Quarter of Fiscal 2016 increased by $202,675 (3.32% increase) compared to the First Quarter of Fiscal 2015. Regulatory changes in the past few years have caused some instability in the education sector. The finalization of the prior years' regulatory changes have resulted in stabilization of the education sector, and SSDC has benefitted from the stabilization with improvement in revenues during the First Quarter of Fiscal 2016.

IRIX's revenues decreased by $75,638 (25.17% decrease) in the First Quarter of Fiscal 2016 when compared to the First Quarter of Fiscal 2015. Much of IRIX's business comes from producing marketing materials for the real estate sector. Marketing campaigns for real estate can be seasonal, and the First Quarter of Fiscal 2016 was a slow period for IRIX. Revenues for IRIX in the future quarters of Fiscal 2016 should improve as the forecast for the real estate market in the Metro Vancouver area is continued strong growth.

GEA had a strong First Quarter of Fiscal 2016. GEA's revenues for the First Quarter of Fiscal 2016 increased by $190,719 (181.83% increase) compared to the First Quarter of Fiscal 2015. As in the case with SSDC, GEA's revenues improved once the regulatory environment surrounding the education sector became more favorable and stabilized.

GEC continues to generate rental revenues as the property is being renovated to increase the number of beds available for rent to students. GEC managed to generate $341,787 of rental revenues during the First Quarter of Fiscal 2016 despite the building undergoing renovations.

Corporate operations generated development fee revenues in the First Quarter of Fiscal 2016 totaling $1,443,076. There were no development fee revenues in the comparable period last year. This revenue stream for the Company is a result of efforts by the Company to plan and organize the building of student centric service apartments and hotels for rental to domestic and foreign students studying in the Lower Mainland region of British Columbia and to provide various services to the students and their families. The Company has several new projects that are actively under review and negotiation.

General and administrative expenses for the First Quarter of Fiscal 2016 increased by $347,590 (7.58% increase) compared to the First Quarter of Fiscal 2015. The increase was primarily a result of increased advertising costs, rental costs, professional fees, consulting fees and investor relations fees. Advertising costs increased in SSDC as a result of its marketing campaign during the back-to-school period. Rental costs increased in CIBT and SSDC due to new premises to house certain programs. Rental costs also increased as a result of GEC paying rent in connection with the head lease agreement. Professional fees and consulting fees such as legal, engineers, architects and due diligence costs were incurred for new and existing projects in GEC. Investor relations fees increased as a result of ongoing activities to increase awareness of the Company's business model in the investment community. Operating expenses as a percentage of total revenues (excluding the development fee revenues since the large dollar amount of development fee revenue skews the analysis) have decreased by 2% compared to the same period in the prior year (62% for the First Quarter of Fiscal 2016 compared to 64% for the First Quarter of Fiscal 2015).

Total assets and long-term liabilities have increased compared to the same period last year due to the real estate development projects that the Company embarked on during Fiscal 2015. Associated with GEC Project 3, the investment property was valued at $38,742,005 and a related mortgage was recorded at $24,163,649 as part of the current portion of the long term debt. The long term debt is secured against the real property.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations have been financed primarily through internal cash flow, debt financing and equity financing in the form of private placements.

The following table compares selected financial condition information as at November 30, 2015 to August 31, 2015:

Selected Financial Condition Information	November 30, 2015	August 31, 2015	Dollar Change	Percentage Change
Cash and cash equivalents	$693,216	$2,286,631	($1,593,415)	-69.68%
Accounts receivable	$11,471,799	$7,975,499	$3,496,300	43.84%
Deferred educational revenue	$10,933,830	$10,319,570	$614,260	5.95%
Finance lease	$565,720	$665,510	($99,790)	-14.99%
Long-term debt	$24,163,649	$23,675,080	$488,569	2.06%
Working capital surplus (deficit)	($32,444,480)	($31,466,726)	($977,754)	-3.11%
Shareholders' equity	$36,542,746	$36,124,762	$417,984	1.16%

Cash and cash equivalents have decreased by 69.68%. The Company has been using its cash resources to invest in the real estate development projects and for expenditures to support the various projects.

Accounts receivable increased by $3,496,300 (43.84% increase) as a result of SSDC's educational business and Corporate's real estate development business. Of the $3,496,300 increase in accounts receivable, $2,300,000 relate to receivables in connection with development fee revenues and $1,196,300 relate to receivables in connection with educational revenues.

Deferred educational revenue increased by 5.95% which reflects strong and consistent enrolment for the Company's educational business that will be seen in the coming quarters when tuition fees are collected, and classes are delivered and revenues recognized.

Long-term debt increased by $488,569 which is a result of mortgage advances and accretion of finance fees in regards to the mortgage debt on the investment property. The acquisition of GEC Property 3 was financed by mortgage debt from a third-party financier. This mortgage is due for renewal in March 2016 and bears interest for the first year at the greater of: 6.95% per annum and the HSBC prime plus 3.95%, with interest at 15% after the first year. The Company is reviewing a number of re-financing options prior to the maturity date of the initial acquisition and construction loan. Interest rate for the re-financing is expected to be substantially lower based on the occupancy rate since acquisition and stages of renovation completed.

The Company's working capital has declined by $977,754 primarily as a result of the mortgage debt on GEC Property 3 being classified as a current liability since the amount is technically due in March 2016. It is anticipated that the mortgage debt will be re-financed at conventional bank rates in February 2016 although there can be no assurance that this will be achieved.

The following tables summarize the obligations of the Company's financial liabilities and operating commitments as at November 30, 2015:

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
Accounts payable and accrued liabilities	$ 5,410,250	$ -	$ -	$ 5,410,250
Income taxes payable	177,822	-	-	177,822
Due to GEC LP 1 and related parties	5,075,801	-	-	5,075,801
Finance leases	112,192	453,528	-	565,720
Long-term debt	24,163,649	-	-	24,163,649
	$ 34,939,714	$ 453,528	$ -	$ 35,393,242

Liquidity risk

The Company is exposed to liquidity risk which is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. The Company manages its liquidity risk by monitoring its operating requirements. As at November 30, 2015, the Company had $693,216 (August 31, 2015 - $2,286,631) of cash and cash equivalents and a demand operating credit facility of $1,500,000 un-used as of November 30, 2015. Subsequent to the First Quarter of Fiscal 2016, the Company sold one of its educational subsidiaries, completed another real estate transaction which earned a structuring fee of $1.443 million, and received deposit repayment from a real estate project. These transactions improved the Company's cash position significantly. The Company could look to capital financing which has it successfully raised in Fiscal 2015 and in the past. However, there is no assurance that such financing will be available on favourable terms or at all. Management prepares budgets and cash forecasts to ensure that the Company has sufficient funds to fulfill its financial obligations. Although the Company is currently in a working capital deficit position, the Company has positive cash balances as discussed above.

CAPITAL OUTFLOW RESTRICTIONS IN CHINA

Capital control exists in the People's Republic of China. China still has many restrictions on the movement of money in and out of the country for anything except payments associated with exports and imports. At present, a company can repatriate up to 90 percent of profits from their China-based operations. A portion (at least 10 percent for Wholly Owned Foreign Entities), must be placed in a reserve account. As of November 30, 2015, there was no restricted amount in reserve. This reserve is capped at 50 percent of a company's registered capital. To distribute the remainder, a company must obtain a board resolution authorizing distribution and file an application with China's State Administration of Taxation ("**SAT**") that includes an annual audit, tax receipts and other documents as required. SAT will then issue a Foreign Enterprise Income Tax Payment Certificate which will enable the bank to exchange Chinese RMB into the desired currency for remission of funds.

TRANSACTIONS WITH RELATED PARTIES

Significant transactions between the Company and the following related parties are as follows:

	November 30, 2015	August 31, 2015
Accounts receivable - Weifang University (1)	$ 3,751,371	$ 3,257,106
Accounts payable - Weifang University (1)	$ 417,940	$ 81,659
Due to officers, employees, directors and non-arm's length investors (2)	$ 1,943,838	$ 1,847,159
Due from officers, employees, directors and non-arm's length investors (3)	$ 735,000	$ 735,000

1) CIBT has a business venture with Weifang University with a 60% interest in Beihai College. Beihai College is a Chinese Government approved college which has been in operation since 2002. Effective July 1, 2007, the Chinese Government implemented a new cash management policy affecting Beihai College. The tuition fees of Beihai College are required to be directly remitted to the local Chinese Government when tuition fees are received, and the funds are held by the Chinese Government under the account of Weifang. Beihai College can receive funds for its operations from Weifang on an as needed basis up to the amount of the tuition fees collected.

2) As of November 30, 2015, the amount due to officers, employees, directors and non-arm's length investors is comprised of $117,711 (August 31, 2015 – $34,151) due to officers and directors of the Company, $186,909 (August 31, 2015 – $183,389) due to the President of IRIX, $840,000 (August 31, 2015 – $840,000) due to Investor 2 of GEC Project 2 development, and $799,218 (August 31, 2015 – $789,619) due to Investor 3 and the third-party investor of GEC Project 3 development. The $117,711 due to officers and directors of the Company is non-interest bearing and has no fixed terms of repayment. The $186,909 due to the President of IRIX is non-interest bearing and has no fixed terms of repayment. The $840,000 due to Investor 2 is non-interest bearing and has no fixed terms of repayment. The $799,218 due to Investor 3 and the third-party investor bears interest at 5% per annum and has no fixed terms of repayment. Transactions with related party are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

3) As at November 30, 2015, $735,000 (August 31, 2015 – $735,000) was due from Investor 2 in GEC Project 2 development. Amounts due are non-interest bearing with no set terms of payment and will be repaid through additional funding of GEC Project 2 LP by Investor 2.

During the three month period ended November 30, 2015, the Company and its subsidiaries incurred a total of $165,260 (three month period ended November 30, 2014 – $176,088) for management fees and salaries paid to certain directors and officers employed by the Company and its subsidiaries.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and the Company's significant accounting policies are disclosed in Note 2 of the consolidated financial statements for the year ended August 31, 2015. The following accounting policies are of particular importance in the presentation of the Company's financial position, financial performance and cash flows, and which require the application of significant judgment and estimates by management.

Revenue recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, if it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable. The primary sources of the Company's revenues are as follows:

(a) Educational programs and services
The educational programs and services consist of tuition fee (net of discounts) on course offerings by CIBT and SSDC. Tuition is paid in advance and is initially recorded as deferred revenue. Tuition revenue for educational programs and services is recognized proportionately as the instructions are delivered, and is reported net of scholarships, business taxes and related surcharges, and tuition refunds. Students are entitled to a short term course trial period which commences on the date the course begins. Partial tuition refunds are provided to students if they decide within the trial period that they no longer want to take the course. After the trial period, if a student withdraws from a class, no refunds will be provided and any collected but unearned portion of the fee is recognized at that time.

(b) Revenue sharing arrangement with education service providers
One of the Company's subsidiaries, CIBT, has entered into numerous educational delivery agreements with various educational service providers whereby a portion of the tuition fees, net of discounts, are paid to these educational service providers for the provision of facilities and/or teaching staff. For the majority of these revenue sharing arrangements, CIBT is considered the primary obligor and accordingly records the tuition fee revenues on a gross basis and the portion paid to the educational service providers is included in direct educational costs.

(c) Design and advertising
IRIX recognizes revenue for services provided using the percentage-of-completion method when the contract revenues, contract costs to complete and the stage of contract completion at the end of the reporting period can be measured reliably and when the contract costs can be identified and measured reliably so that actual contract costs incurred can be compared with prior estimates, and the economic benefits associated with the transaction will flow to IRIX.

(d) Commissions and referral fees
CIBT has agreements with various private schools in North America to recruit students from overseas (primarily in China) for the primary and secondary private school sector in North America. CIBT is paid commissions and referral fees by the private schools for recruiting students that are accepted into and start the school's programs in North America. Commissions and referral fees are paid to CIBT only when the student can no longer obtain a refund on tuition fees paid to the private school. Commissions and referral fees are recognized as revenue by CIBT when the services to recruit students have been provided and when there is substantial certainty that the recruited students will attend the private school.

(e) Development fees
The Company earns fees in connection with certain real estate development activities. The services provided by the Company include, but are not limited to, land identification and acquisition, preparation of financial models, market analysis, development of investment structure and engagement of construction consultants.

(f) Rental revenues
Rental revenues include rents from commercial tenants and variable term residential accommodations. Rents from commercial tenants include rents from operating leases and certain operating cost recoveries and are recognized on a straight-line basis over the term of the leases. Rents from commercial and residential tenants are recognized when it is probably that the economic benefits will flow to the Company, the services can be measured reliably and if collectability reasonably assured.

Investment properties

A property is determined to be an investment property when it is held either to earn rental income or for capital appreciation, rather than for the use in the production of supply for services or for administrative purposes for sale in the ordinary course of business. Investment properties are measured initially at cost, including transaction costs except where the investment property is purchased as part of a business combination. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in fair value of investment properties are including in profit or loss in the period in which they arise. Fair value is determined based on available market evidence at the balance sheet date. Subsequent capital expenditures are added to the carrying value of the investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably.

Management uses judgement in determining if asset acquired meet the definition of investment property or owner occupied property. In cases where optional ancillary services may be available in additional to and separate from the rental of units, Management must assess if those ancillary services are insignificant to the business as a whole to determine classification.

The Company determines the fair value of each investment property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions less future cash flows relating to such current and future leases. Judgement is applied in determining the extent and frequency of independent appraisals and valuations.

Intangible assets

The Company's finite life and indefinite life intangible assets are recorded at their cost which, for intangible assets acquired in business combinations, represents the acquisition date fair value.

Indefinite life intangible assets include accreditations and registrations, brand and trade names, and Chinese university partnership contracts. The Company considers such assets to represent an ongoing benefit to the Company through an indefinite period of control of such assets and expected usage. Such intangible assets are not subject to amortization and are tested for impairment annually or where an indication of impairment exists as described under "Impairment of intangible assets and property and equipment" below.

Finite life intangible assets, which include agreements and contracts, curriculum, foreign cooperative agreements, and agency fees are carried at cost less accumulated amortization and impairment losses. The Company capitalizes direct costs incurred in developing programs and curriculums for new courses as intangible assets with finite life. These costs are amortized to direct educational cost on a straight-line basis over the expected life of the course (ranging from three months to 48 months) upon commencement of the new courses. Costs relating to the ongoing development and maintenance of existing courses are expensed as incurred. For language programs in SSDC, the Company engages a network of agents in foreign countries, who recruit and/or provide ongoing services to international students to attend the Company's programs in Canada. Agency fees attributable to each student, are deferred as intangible assets and recognized proportionately over the instruction period for the student to match with the tuition fee revenues which are within a year.

Amortization is calculated over periods ranging from less than one year to fifteen years on a straight-line basis, being their estimated useful lives. The expected useful lives of assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively. Finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate the carry value may not be recoverable as described under "Impairment of intangible assets and property and equipment" below.

Impairment of intangible assets and property and equipment

The carrying amount of property and equipment and intangible assets with a finite life are reviewed each reporting period to determine whether events or changes in circumstances indicate that their carrying amounts may not be recoverable. Intangible assets with an infinite life are reviewed and tested on an annual basis or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Foreign currency

Functional currency is the currency of the primary economic environment in which an entity operates. These consolidated financial statements are presented in Canadian dollars.

In preparing the financial statements of each individual subsidiary, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the dates those fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Share-based payments

The Company grants stock options to certain directors and employees to acquire shares in the common stock of the Company in accordance with the terms of the Company's stock option plan. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. The fair value is measured for each tranche at grant date and is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted and management's estimate of forfeitures and expected volatility based on historical volatility. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that vest.

Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the period which is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred income taxes are accounted for using the liability method. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantively enacted tax rates and laws in effect when the differences are expected to reverse. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred tax assets, such as unused tax losses, income tax reductions, and certain items that have a tax basis but cannot be identified with an asset or liability on the statement of financial position, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

ACCOUNTING STANDARDS DEVELOPMENT

New standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued that the Company reasonably expects to be applicable to the Company at a future date. The Company intends to adopt these standards when they become effective.

Revenue recognition

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("**IFRS 15**"). This standard establishes a five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces the previous revenue standards: IAS 18, Revenue and IAS 11, Construction Contracts, and the related interpretations on revenue recognition: IFRIC 13, Customer Loyalty Programs, IFRIC 25, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. This standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. Management is currently evaluating the impact that this standard will have on the consolidated financial statements.

Financial Instruments

In the annual period beginning September 1, 2018, the Company will be required to adopt IFRS 9, *Financial Instruments*, which is the result of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Management is evaluating any potential impact of the standard.

Intangible assets

In May 2014, the IASB issued amendments to IAS 38, *Intangible Assets* ("**IAS 38**"). The amendments in IAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption could be overcome only when revenue and consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue. The Company intends to adopt the amendments to IAS 38 in its consolidated financial statements for the annual period beginning on September 1, 2016. Management is currently evaluating the impact that this standard will have on the consolidated financial statements.

Annual improvements

In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after July 1, 2014. In September 2014, the IASB issued Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after January 1, 2016. These Annual Improvements made necessary but non-urgent amendments to existing IFRSs. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

Measurement - initial recognition

On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("**FVTPL**"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Classification and measurement - subsequent to initial recognition

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities:

Financial assets classified as at FVTPL are measured at fair value with changes in fair values recognized in net earnings. They are classified as such when: (i) they are acquired or incurred principally for short-term profit taking and/or meet the definition of a derivative; or (ii) they meet the criteria for being designated as FVTPL and have been designated as such on initial recognition.

A financial asset is classified as available-for-sale when: (i) it is not classified as a loan and receivable or as at FVTPL; or (ii) it is designated as available-for-sale on initial recognition. The Company does not have any financial assets classified as available for sale. Changes in fair value that remain unrealized for available-for-sale financial instruments are recorded in other comprehensive income until realized or determined to be impaired at which time the gain, loss or impairment is recognized in net income (loss) for the period.

Financial assets classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. The effective interest method calculates the amortized cost of a financial asset or financial liability and allocates the effective interest income or interest expense over the term of the financial asset or liability, respectively. The interest rate is the rate that exactly discounts estimated future cash receipts or payments throughout the term of the financial instrument to the net carrying amount.

Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets are impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset that has a negative impact on the estimated future cash flows of the financial asset that can be reliably measured.

Fair value information

The fair value hierarchy establishes three levels to classify the significance of inputs to valuation techniques used in making fair value measurements. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 inputs are not based on unobservable market data. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract.

The following is a summary of the categories of financial instruments included in the Company's consolidated statement of financial position as well as their designation by the Company:

Balance sheet item	Classification	Measurement basis
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Short-term investments	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Refundable deposits	Loans and receivables	Amortized cost
Cash held in trust	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Deposit reserve	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost
Due to GEC LP 1 and related parties	Other liabilities	Amortized cost

OFF-BALANCE SHEET ARRANGEMENTS

Various forms of security, in addition to a mortgage over the lands, were granted by the Company and certain of its subsidiaries in favour of the lender. The security granted gives the lender a comprehensive level of protection against a default by the borrower in the performance of its obligations including the repayment of the indebtedness and interest thereon.

SUBSEQUENT EVENTS

In December 2015, the Company announced the signing of a formal Purchase and Sale Agreement ("**PSA**") with a global education services provider to sell one of its education subsidiaries. This facility has an intake of approximately 160 students per year.

In December 2015, the Company and its affiliates executed a Purchase and Sale Agreement ("**PSA**") with a Vancouver developer through a recently formed limited partnership ("**LP**"). The PSA provides for the LP to acquire a four-storey condominium project that is under construction in North Burnaby. The acquisition price is approximately $21,000,000 inclusive of leasehold improvements, fixtures and apartment furnishings. For the period ended November 30, 2015, the Company recorded development fee revenues of $1,500,000 for structuring and managing the property development.

On January 5, 2016, the Company resumed its normal course issuer bid that commenced on February 27, 2015. The normal course issuer was voluntarily suspended by the Company from May 2015 through to December 2015.

On January 13, 2016, the Company entered into a mutually acceptable limited partnership agreement to become a limited partner in GEC Project 4 (a real estate project that involves an operating hotel in downtown Vancouver).

INTERNAL CONTROLS OVER FINANCIAL REPORTING

In its assessment of the effectiveness in internal control over financial reporting as of November 30, 2015, the Company determined that there were control deficiencies that constituted material weaknesses, as described below:

- Management has identified the following material weaknesses that existed in the design or operation of the Company's internal control over financial reporting including ineffective control over the financing reporting of subsidiaries and ineffective controls related to the period-end financial reporting process that impacts management's ability to oversee the preparation of the consolidated financial statements:
    - Access and change control on SSDC's financial and student tracking system; and
    - Accounting cut-off procedures for a couple of SSDC campuses.

Due to these material weaknesses, management concluded that our internal control over financial reporting was not effective as of November 30, 2015.

Remediation Plan for Material Weaknesses in Internal Control over Financial Reporting

The Company is in the process of developing and implementing a remediation plan to address the material weaknesses as described above. The Company has taken the following actions to improve internal controls over financial reporting:

- Beginning in Fiscal 2016, whenever there is a change in SSDC's financial and student tracking system, the Chief Financial Officer of the Company or the Controller of SSDC will review the change and test the outcomes before the change is made live; and
- Beginning in Fiscal 2016, the accounting managers of SSDC campuses, the Controller of SSDC and the Chief Financial Officer of the Company will review and approve the accounting cut-offs of SSDC campuses at the end of each quarter.

In light of the aforementioned material weaknesses, management conducted a thorough review of all significant or non-routine adjustments for the quarter period ended November 30, 2015. As a result of this review, management believes that there are no material inaccuracies or omissions of material fact and, to the best its knowledge, believes that the consolidated financial statements for the quarter period ended November 30, 2015 fairly present in all material respects and financial position and results of operations for the Company in conformity with IFRS. The Company has allocated additional resources, consultants, and management effort which are expected to improve its internal controls over financial reporting. The Company plans to continue to invest in improving its internal controls over financial reporting over the current fiscal year.

CIBT EDUCATION GROUP INC.
SCHEDULE OF SHARE CAPITAL
AS AT JANUARY 13, 2016

Authorized shares

Authorized share capital consists of 150,000,000 common shares without par value.

	Number	Value
Issued and outstanding		
Balance at August 31, 2013	65,934,120	$ 48,182,766
- treasury share cancellations	(865,600)	-
- for stock option exercise at $0.24 per share	1,500	525
- for share purchase warrant exercise at $0.35 per share	1,386,833	653,402
Balance at August 31, 2014	66,456,853	48,836,693
- treasury share cancellations	(2,523,100)	-
- for private placement at $0.25 per share	4,897,000	1,224,250
- fees and commissions for private placement	-	(86,298)
- fair value of warrants for private placement	-	-
- fair value of agent's warrants for private placement	-	(44,199)
Balance at August 31, 2015, November 30, 2015 and January 13, 2016	68,830,753	$ 49,930,446

Escrow shares

No escrow shares were issued and outstanding as at January 13, 2016.

Stock options

Details of options outstanding as at January 13, 2016 are as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Contractual Life
1,265,000	$0.42	March 1, 2016	0.14 years
150,000	$0.25	June 30, 2016	0.47 years
2,088,500	$0.24	January 6, 2017	0.99 years
30,000	$0.37	July 10, 2019	3.50 years
3,533,500			

As at January 13, 2016, a total of 3,518,500 stock options were exercisable with a weighted average exercise price of $0.31 per share

Share purchase warrants

Details of share purchase warrants outstanding and exercisable as at January 13, 2016 are as follows:

Number of Warrants	Exercise Price	Expiry Date	Remaining Contractual Life
339,990	$0.25	July 20, 2017	1.52 years
2,448,500	$0.30	July 20, 2017	1.52 years
2,788,490			

RISKS RELATED TO THE COMPANY'S BUSINESS

The Company's business, financial condition, operating results and prospects are subject to a number of risks and uncertainties which include but are not limited to the following:

- history of losses from operations
- fluctuation of real estate prices
- interest rate increases
- slow-down of international students entering into Canada
- construction delay
- rising construction cost
- need for additional capital to expand operations
- dependence on key personnel, the Company's facility providers and educational service providers in China
- risks involving the Chinese legal system, tax system, and foreign currency limitation
- ability to compete effectively with competitors that have greater financial, marketing and other resources
- the Company's reliance upon third parties
- ability to manage planned growth and integrate new business opportunities into existing operations
- risks related to government regulations and obtaining required approvals
- the possibility that personal information that the Company collects may be vulnerable to breach, theft or loss, which could subject the Company to liability or adversely affect its reputation and operations

A more detailed description of the above risks and uncertainties, and others, can be found under the heading "Risk Factors" in the Company's annual information form for Fiscal 2015 filed on SEDAR at www.sedar.com.