CIBT EDUCATION GROUP INC.

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

FOR THE YEAR ENDED AUGUST 31, 2016

CIBT EDUCATION GROUP INC.
(the "Company")
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

The following Management's Discussion & Analysis ("**MD&A**") is prepared in accordance with Form 51-102F1, and should be read in conjunction with the consolidated financial statements and related notes for the year ended August 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). Additional information about the Company, including its annual information form, is 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 forward-looking statements (and their underlying material factors or assumptions) in this MD&A include, without limitation, the following:

1. that the Company expects to see strong performance from SSDC; the underlying material factors or assumptions are that (a) a group of new programs have been approved for delivery, recertification has been granted and more SSDC locations have been issued accreditations; (b) the increase in sales in the first 2 months of Fiscal 2017 over the same period in Fiscal 2016 continues throughout Fiscal 2017; (c) deferred revenue at the end of October 2016 has increased from previous year;

2. that the students accommodations business is expected to benefit the Company in four ways: structuring fee, steady stream of rental income, ongoing management fees as well as any capital gain upon exit;

3. that students from the Company's own education subsidiaries and its partner schools will provide a steady supply of international students into its student housing projects; the underlying material factors or assumptions are that the Company will become more vertically integrated in the future and that GEC branded housing projects will remain the economical choice for incoming students;

4. the expectation that GEA will add more partner schools and unique programs designed for international students; the underlying material factor or assumption is that the demand for international students by the Company's partner schools will continue to grow;

5. the Company's plans for the proposed education centers; the underlying material factors or assumptions are that the Company arranges enough equity financing from investment partners and is able to secure loans to enable the respective limited partnerships to buy the GEC Education Mega Center project and GEC Education Super Center project; that the relevant municipalities are receptive to the proposed building plans; and that these projects can be built for a price determined reasonable by the Company and its investment partners; and

6. the Company's plans to build student centric facilities over a five year period to accommodate up to 10,000 students; the underlying material factors or assumptions are that the Company will be able to continue to arrange the required equity funding from investment partners at the current pace, that the number of future international students will increase near predicted rates, and that GEC branded housing projects will remain the economical choice for incoming students.

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.

Reference should also be made to the risks described herein under the heading "Risks Related to the Company's Business" for a discussion of these and other sources of factors underlying forward-looking statements and those additional risks set forth under the heading "Risk Factors" in the Company's annual information form for the financial year ended August 31, 2016. The Company believes the expectations reflected in the 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 November 30, 2016. In this MD&A, the following terms have the meanings shown:

"**Fiscal 2017**" means the fiscal year ending August 31, 2017
"**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 2017**" means the three months ending November 30, 2016
"**Second Quarter of Fiscal 2017**" means the three months ending February 28, 2017
"**Third Quarter of Fiscal 2017**" means the three months ending May 31, 2017
"**Fourth Quarter of Fiscal 2017**" means the three months ending August 31, 2017

"**First Quarter of Fiscal 2016**" means the three months ended November 30, 2015
"**Second Quarter of Fiscal 2016**" means the three months ended February 29, 2016
"**Third Quarter of Fiscal 2016**" means the three months ended May 31, 2016
"**Fourth Quarter of Fiscal 2016**" means the three months ended August 31, 2016

"**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 – November 30, 2016

NATURE OF BUSINESS

CIBT Education Group Inc. (the "**Company**") is an education and student-housing investment 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 and operates a network of serviced apartments and hotels that provides student housing to students in the Metro Vancouver area.

The Company's operating entities are as follows:

Legal / Operating Entity	**Business Description**
CIBT School of Business & Technology Corp. ("**CIBT**" or "**CIBT China**")	Associate Degree provider offering automotive technical training, English teacher preparation, ESL, and accounting programs in China.
Sprott Shaw College ("**SSDC**")	Private career and technical training college offering diplomas and certificates in health care, tourism, hospitality, business, administrative, and international studies in Canada.
Global Education Alliance Inc. ("**GEA**")	International students' referral and on-ground concierge services for elite kindergarten, primary, secondary school and university students coming to study in North America.
Global Education City Holdings Inc. ("**Global Education Holdings**")	Investment holding and management company with focus on student housing real estate projects in Canada such as serviced apartments and hotels for local and visiting students and temporary and permanent technology professionals in Vancouver, Canada.
IRIX Design Group Inc. ("**IRIX**")	Design and advertising company.
Vancouver International College **("VIC")**	English as a Second Language College, offering accredited programs including General English (ESL), College Preparation/Pathway, Business English, Medical English and IELTS Test Preparation.

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

In Fiscal 2016, the Company sold the following asset.

Acsenda School of Management (a division of SSDC)	Degree-granting business management school with University level programs in Canada.

Industry Growth Prospect

Growing at 8% annually, international education is an $11.4 billion industry in Canada (2014).[1] 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.[2] The Canadian government is ramping up to become one of the top 5 largest destination countries

[1] http://monitor.icef.com/2016/11/canadas-international-student-enrolment-up-8/
[2] "Canada's International Education Strategy- Harnessing our knowledge advantage to drive innovation and prosperity"- 2014 http://international.gc.ca/global-markets-marches-mondiaux/assets/pdfs/overview-apercu-eng.pdf

in the world for foreign students behind the US and the UK.[3] 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.[4] Recent data suggests that this goal may have been reached. In 2015, the number of international students at all levels of study in Canada reached 353,570.[5] In addition, corresponding data from Languages Canada indicates that there were 90,000 international students in Canada for short-term language studies in 2015, suggesting that the total head count for the year was closer to 450,000 students. [6] China and India continue to provide major sources of students.[7] Canada's competiveness may be further enhanced by other factors including the ever-changing world political landscape. For example, in a recent survey, almost one third of international students said they would be less likely to study in the United Kingdom as a result of Brexit referendum, with 32% indicating that they are likely to choose Canada as an alternative destination[8]. Out of this rapidly growing market, Metro Vancouver is expected to continue to have one of the largest market shares in Canada.[9]

In the province of British Columbia, where the majority of the Company's education and real assets are located, there are approximately 112,800 foreign students (data from 2010) who are contributing over $2.3 billion to the British Columbia (2013).[10] The Company has indirect access to international students studying in Metro Vancouver through GEA's 100+ collaborative arrangements with various public and private schools and it's wholly owned schools in Canada and Asia. The Company plans to build student centric facilities over a 5-year period to accommodate up to 10,000 students, which accounts for approximately 5% of the anticipated total international student population of approximately 200,000 in Metro Vancouver by 2019. In addition, domestic students can also benefit greatly from the aforementioned projects as the majority of the schools in Metro Vancouver do not provide housing options for their students, and those that do provide their housing service have limited number of beds. According to information released by the University of British Columbia and Simon Fraser University, wait-list for student residence was more than 5,000 at UBC, and over 2,000 at SFU as of September 2016.

With the mandate of educating domestic students via SSDC, while recruiting foreign students to study at its newly acquired language school, VIC and other partner schools, the Company continues to aim to provide students with an enhanced learning experience and housing options. The Company's newly acquired education asset, VIC, resonates strategically with its extensive experience in the global education markets as well as the industry growth trend. 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.[11] 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 coupled with the Canadian government's support for attracting more international students, present the Company with perfect opportunities to use its infrastructure to further expand its market share.

Accompanied by the fast growing demand from international students for better education opportunities, the vacancy rate in Metro Vancouver area has fallen from 0.8% in 2015 to 0.7% in 2016, according to the CHMC, while rental rates increased 6.4%, exceeding what is actually allowed by provincial legislation.[12]Student housing for this market segment is an estimated $1.12 billion market in British Columbia at an estimated average of $10,000 per student.[13] The number of international students arriving to study in British Columbia has grown by 20% in 2014 and 30% in 2015 respectively according to the Ministry of Education.[14] The Company's potential target market is further expanded if Canadian students from outside of Metro Vancouver are also taken into account. The Company is striving to become more vertically integrated in order to capture the value of this market in Metro Vancouver. The Company is actively working with developers to provide serviced apartments and hotels catering to both Canadian and international students throughout Metro Vancouver.

Outlook for Fiscal 2017

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 expanded its School of Trades in Burnaby, BC in the First Quarter of Fiscal 2017 to offer full construction electrician training. As well, the Province of British Columbia is expected to complete changes to its requirements and provide more certainty.

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[3] "Ottawa aims to double number of foreign students- Program to be announced Wednesday will target countries with a fast- growing middle class"- 2014 http://www.vancouversun.com/Ottawa+aims+double+number+foreign+students/9388022/story.html?__lsa=faae-64cb

[4] "Canada wants to double its international student body"- http://www.cbc.ca/news/canada/british-columbia/canada-wants-to-double-its-international-student-body-1.2497819

[5] http://monitor.icef.com/2016/11/canadas-international-student-enrolment-up-8/

[6] http://monitor.icef.com/2016/11/canadas-international-student-enrolment-up-8/

[7] http://monitor.icef.com/2016/11/canadas-international-student-enrolment-up-8/

[8] http://monitor.icef.com/2016/11/canadas-international-student-enrolment-up-8/

[9] "Record numbers of international students choose B.C." https://news.gov.bc.ca/stories/record-numbers-of-international-students-choose-bc

[10] "Record numbers of international students choose B.C." https://news.gov.bc.ca/stories/record-numbers-of-international-students-choose-bc

[11] "1.27 Million Chinese Students Study abroad, Many in Canada" http://studymagazine.com/2011/04/22/chinese-students-studying-in-canada/

[12] http://www.metronews.ca/news/vancouver/2016/11/28/metro-vancouver-rents-increase-vacancy-rate-drops.html

[13] (Calculated value estimate) "Record numbers of international students choose B.C." https://news.gov.bc.ca/stories/record-numbers-of-international-students-choose-bc

[14] "Record numbers of international students choose B.C." https://news.gov.bc.ca/stories/record-numbers-of-international-students-choose-bc

The Company's recently acquired VIC, recruits and educates, on average, approximately 1,300 international students per year. The benefit of the VIC acquisition is twofold, adding both to the Company's education assets as well as to the pipeline for its student housing business. Together with SSDC, VIC aims to create pathway programs that will enable international students to start with English language training at VIC and then to attend either Sprott Shaw College or transfer to one of CIBT's academic partner schools throughout the province of B.C. The collaboration projects between Sprott Shaw College and VIC will create synergies that will provide students with more options and choices for their future development.

GEA, a subsidiary of the Company, has signed over 100 agreements to recruit international students for public and private schools in the kindergarten, primary, secondary, career colleges and university sectors. While providing services to education institutions, GEA also 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 is expecting to add more partner schools to widen its coverage to meet the increasing demand for its services and expertise from international students wishing to study in North America.

The addition of education assets, GEA's expansion, together with SSDC's long history (established in 1903) and renewed programs provide the Company a more vertically integrated business model. The students at its partner institutions and its own subsidiaries are a meaningful resource for its education real estate subsidiary, Global Education Holdings. Leveraging off the Company's existing agent and school network, Global Education Holdings provides short term and long term housing solutions for students. As a secondary market, selected properties can also cater to visiting technology workers. Vancouver's technology sector is growing at a record rate of 14.5%. With 75,000 employees, the sector is now bigger than oil and gas, forestry, and mining-related activity in the region.[15]

The Company completed the acquisition of a downtown Vancouver hotel in Fiscal 2016 to further expand its student accommodations portfolio. Through a limited partnership structure, this hotel was acquired to allow a wider range of short term services and options to be provided under the *GEC* brand. This hotel complements the high-rise long term serviced apartment building that the Company acquired in Fiscal 2015. This multipurpose building, with both retail and residential components, is currently being renovated. The targeted completion date of all renovations is the Third Quarter of Fiscal 2017. In the First Quarter of Fiscal 2017, the Company also took possession of a building in Burnaby, B.C. The property consists of both commercial and residential units and will cater to students in that area.

In the First Quarter of Fiscal 2017, the Company completed its purchase of land for the GEC Education Super Center site, which is less than 5 minutes' walking distance from the nearest SkyTrain station. The Company is currently preparing for the rezoning of the site for further development. The proposed plan includes commercial office space for educational institutions and education service companies from around the world wishing to establish a physical presence in the Metro Vancouver area, in addition to the housing options for students that follow the GEC branded model.

In Fiscal 2017, the Company plans to continue to utilize its existing student resources to channel them into Global Education Holding's student housing properties. Tenants in the student housing properties will come from a variety of educational institutions and countries to minimize any institution and country related risks. In future, Global Education Holding's scalable real estate business is expected to benefit the Company in four ways: structuring fee, steady stream of rental income, ongoing management fees as well as any capital gain upon exit.

The Company is currently working on finalizing the purchase and sale agreement with a local developer for the GEC Education Mega Center. The aggregate projected construction costs of GEC Education Super Center and GEC Education Mega Center are over $400M. Together with other smaller projects that the Company is evaluating, the aggregated construction budget for various GEC branded projects is approximately $1 billion over the next several years. The Company is in discussions with accredited and institutional investors to co-invest in each project in partnership with Global Education Holdings, thereby reducing the amount of capital required from the Company. Commercial financing will be sought in lieu of diluting Global Education Holdings' ownership in each project, and vendor financing is also expected in some cases. These projects are aimed to provide 10,000 rental units for students over the next several years.

[15] http://www.theglobeandmail.com/news/british-columbia/bc-tech-sector-growing-so-fast-its-hard-to-measure-size-of-industry/article32953219/

SUMMARY OF QUARTERLY RESULTS

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

Selected Financial Information	Quarter Ended August 31, 2016 (Fourth Quarter)	Quarter Ended May 31, 2016 (Third Quarter)	Quarter Ended February 29, 2016 (Second Quarter)	Quarter Ended November 30, 2015 (First Quarter)
Total revenues	$8,831,395	$8,143,563	$9,774,766	$9,364,420
Net income (loss)	($787,174)	$9,013,374	$601,314	$387,900
Income (loss) per share	($0.01)	$0.05	$0.01	$0.06
Net income (loss) - CIBT Education Group Inc. shareholders	($1,029,597)	$3,567,232	$855,939	$512,390
Income (loss) per share - CIBT Education Group Inc. shareholders	($0.01)	$0.05	$0.01	$0.01

Selected Financial Information	Quarter Ended August 31, 2015 (Fourth Quarter)	Quarter Ended May 31, 2015 (Third Quarter)	Quarter Ended February 28, 2015 (Second Quarter)	Quarter Ended November 30, 2014 (First Quarter)
Total revenues	$8,779,190	$7,968,268	$8,307,517	$7,123,976
Net income (loss)	$3,977,341	($762,419)	$3,457,596	($671,744)
Income (loss) per share	$0.02	($0.00)	$0.05	($0.01)
Net income (loss) - CIBT Education Group Inc. shareholders	$1,013,083	($289,714)	$1,022,969	($706,318)
Income (loss) per share - CIBT Education Group Inc. shareholders	$0.02	($0.00)	$0.02	($0.01)

Total revenues in the Fourth Quarter of Fiscal 2016 increased when compared to the Fourth Quarter of Fiscal 2015. The overall increase was primarily driven by Global Education Holdings' rental revenues in addition to increases in GEA commissions and referral fees. As Global Education Holdings' student housing projects stabilized, the rental revenue generated from two operating projects increased significantly. Due to expansion of its school networks and the development of more projects, GEA's commission fee and referral fee almost doubled in this Quarter.

Total revenues in the Third Quarter of Fiscal 2016 increased when compared to the Third Quarter of Fiscal 2015. This is primarily due to an increase in Global Education Holdings' rental revenues from the two operating projects between the Third Quarter of Fiscal 2016 compared to the Third Quarter of Fiscal 2015. Additionally, CIBT's educational revenues, GEA commissions and referral fees also increased in the same time period. This offset the marginal decrease in SSDC educational revenues and IRIX design and advertising revenues. The difference in net income comes from the recognition of gain on the fair value change in investment properties in the Third Quarter of Fiscal 2016.

Total revenues in the Second Quarter of Fiscal 2016 increased when compared to the Second Quarter of Fiscal 2015. The improvement in revenues was primarily a result of the Company earning development fees in connection with a real estate development project. The decrease in net income in the Second Quarter of Fiscal 2016 is attributable to the absence of fair value gain recognition on its investment property, which had occurred in the Second Quarter of Fiscal 2015.

Total revenues in the First Quarter of Fiscal 2016 improved when compared to the First Quarter of Fiscal 2015. The driver of the revenue increase in the First Quarter of Fiscal 2016 was the development fees earned by the Company in connection with a GEC branded real estate development project. Global Education Holdings' projects also generated rental revenue during the First Quarter of Fiscal 2016 whereas there were no rental revenues in the First Quarter of Fiscal 2015. CIBT and GEA also had a strong performance in the First Quarter of Fiscal 2016.

SELECTED ANNUAL INFORMATION

The following table details selected annual information for the three most recent fiscal years.

Selected Financial Information	12 Months Ended August 31, 2016	12 Months Ended August 31, 2015	12 Months Ended August 31, 2014
Total revenues	$36,114,144	$32,178,951	$30,916,154
Educational revenues – CIBT	$2,208,235	$2,260,260	$2,371,950
Educational revenues net of direct costs – CIBT (%)	41.70%	43.70%	44.60%
Commission revenues – GEA	$1,036,372	$619,077	$843,022
Commission revenues net of direct costs – GEA (%)	34.43%	59.55%	51.64%
Educational revenues – SSDC	$24,984,123	$24,988,426	$25,218,361
Educational revenues net of direct costs – SSDC (%)	57.40%	61.05%	61.07%
Design and advertising revenues – IRIX	$775,266	$1,082,119	$860,989
Design and advertising revenues net of direct costs – IRIX (%)	79.21%	71.38%	79.70%
Rental revenues – GEC	$4,959,459	$647,046	$0
Rental revenues net of direct costs – GEC (%)	22.49%	25.93%	0.00%
Development fees – GEC and Corporate	$1,713,737	$2,582,023	$1,621,832
General and administrative expenses	$19,828,886	$19,335,528	$19,729,134
Share-based payment expense	$26,758	$15,909	$15,992
Foreign exchange gain (loss)	$39,345	$227,728	$98,720
Gain (loss) on fair value changes in investment properties	$9,779,146	$7,615,175	$0
Income tax recovery (provision) – net	($1,455,174)	($962,396)	$503,978
Income (loss) – Continuing operations	$9,215,414	$6,000,774	($1,717,434)
Income (loss) – Discontinued operations	$0	$0	$7,030,395
Net income (loss)	$9,215,414	$6,000,774	$5,312,961
Income (loss) per share	$0.06	$0.02	$0.08
Net income (loss) - CIBT Education Group Inc. shareholders	$3,905,964	$1,040,020	$5,159,490
Income (loss) per share - CIBT Education Group Inc. shareholders	$0.06	$0.02	$0.08
Total assets	$102,346,541	$80,666,757	$41,696,200
Long-term liabilities	$29,326,868	$24,340,590	$1,116,723

OVERALL PERFORMANCE

The table below describes the financial performance of each main business unit of the Company for the Fourth Quarter of Fiscal 2016 compared to the Fourth Quarter of Fiscal 2015 .

Selected Financial Information - Three Months Ended	Quarter Ended August 31, 2016	Quarter Ended August 31, 2015	Absolute Change	Percentage Change
Total revenues	$8,831,395	$8,779,190	$52,205	0.59%
Total revenues net of direct costs – Overall (%)	26.89%	65.61%	-38.73%	-59.02%
Educational revenues – CIBT	$192,467	$441,056	($248,589)	-56.36%
Educational revenues net of direct costs – CIBT (%)	-29.76%	56.42%	-86.17%	-152.74%
Educational revenues – SSDC	$5,974,541	$6,156,016	($181,475)	-2.95%
Educational revenues net of direct costs – SSDC (%)	57.18%	59.81%	-2.64%	-4.41%
Design and advertising revenues – IRIX	$159,844	$231,930	($72,086)	-31.08%
Design and advertising revenues net of direct costs – IRIX (%)	92.28%	71.34%	20.94%	29.36%
Commissions and referral fees – GEA	$459,996	$231,303	$228,693	98.87%
Commissions and referral fees net of direct costs – GEA (%)	33.58%	90.93%	-57.36%	-63.07%
Rental revenues – GEC	$3,518,666	$269,182	$3,249,484	1207.17%
Rental revenues net of direct costs – GEC (%)	10.21%	1.49%	8.72%	586.25%
Development fees – GEC and Corporate	($1,911,071)	$1,449,703	($3,360,774)	-231.83%
General and administrative expenses	$4,847,895	$5,128,786	($280,891)	-5.48%
Gain (loss) on fair value changes in investment properties	$2,669,493	$4,327,318	($1,657,825)	-38.31%
Income (loss)	($787,174)	$3,977,341	($4,764,515)	-119.79%
Net income (loss)	($787,174)	$3,977,341	($4,764,515)	-119.79%
EBITDA [non-IFRS]	$1,272,200	$4,731,237	($3,459,037)	-73.11%

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

	3 Months Ended August 31, 2016	3 Months Ended August 31, 2015	12 Months Ended August 31, 2016	12 Months Ended August 31, 2015
Income (loss)	($787,174)	$3,977,341	$9,215,414	$6,000,774
Add: interest on long-term debt	$455,254	($469,993)	$782,257	$137,288
Add: income tax (recovery) provision	$1,452,640	$958,904	$1,455,174	$962,396
Add: depreciation and amortization	$151,480	$264,985	$870,376	$979,534
EBITDA [non-IFRS]	$1,272,200	$4,731,237	$12,323,221	$8,079,992

The Company generated an EBITDA of $12,323,221 in the Fourth Quarter of Fiscal 2016 compared to an EBITDA of $8,079,992 in Fiscal 2015.

RESULTS OF OPERATIONS

The table below describes the financial performance of each main business unit of the Company for Fiscal 2016 compared to Fiscal 2015.

Selected Financial Information - Twelve Months Ended	12 Months Ended August 31, 2016	12 Months Ended August 31, 2015	Absolute Change	Percentage Change
Total revenues	$36,114,144	$32,178,951	$3,935,193	12.23%
Total revenues net of direct costs – Overall (%)	53.52%	62.57%	-9.05%	-14.46%
Educational revenues – CIBT	$2,208,235	$2,260,260	($52,025)	-2.30%
Educational revenues net of direct costs – CIBT (%)	41.70%	43.70%	-2.00%	-4.57%
Educational revenues – SSDC	$24,984,123	$24,988,426	($4,303)	-0.02%
Educational revenues net of direct costs – SSDC (%)	57.40%	61.05%	-3.64%	-5.97%
Design and advertising revenues – IRIX	$775,266	$1,082,119	($306,853)	-28.36%
Design and advertising revenues net of direct costs – IRIX (%)	79.21%	71.38%	7.83%	10.96%
Commissions and referral fees – GEA	$1,036,372	$619,077	$417,295	67.41%
Commissions and referral fees net of direct costs – GEA (%)	34.43%	59.55%	-25.12%	-42.18%
Rental revenues – GEC	$4,959,459	$647,046	$4,312,413	666.48%
Rental revenues net of direct costs – GEC (%)	22.49%	25.93%	-3.44%	-13.28%
Development fees – GEC and Corporate	$1,713,737	$2,582,023	($868,286)	-33.63%
General and administrative expenses	$19,828,886	$19,335,528	$493,358	2.55%
Gain (loss) on fair value changes in investment properties	$9,779,146	$7,615,175	$2,163,971	28.42%
Income (loss)	$9,215,414	$6,000,774	$3,214,640	53.57%
Net income (loss)	$9,215,414	$6,000,774	$3,214,640	53.57%
EBITDA [non-IFRS]	$12,323,221	$8,079,992	$4,243,229	52.52%

Total revenues for Fiscal 2016 increased compared to Fiscal 2015. Total percentage increase was 12.23%.

CIBT's China revenue decreased in the Fourth Quarter of Fiscal 2016 compared to the same period in the previous years. Due to a recent change in Chinese education policy, the application of these new facts in applying the relevant accounting policy resulted in CIBT being treated as a joint operation for a portion of Fiscal 2016, which resulted in only 60% of the revenues being consolidated from the date the facts changed. Previously, 100% of the revenues of CIBT China were consolidated. The change resulted in a decrease of 2.3% year over year.

SSDC's revenues for the Fourth Quarter of Fiscal 2016 decreased compared to the Fourth Quarter of Fiscal 2015. Certain industry events during Fiscal 2016 negatively impacted the education sector. These events include the fact that the Canadian education industry is going through regulatory changes arising from the creation of new regulatory bodies through mergers and otherwise, which has resulted in lengthy delays in obtaining new program approvals and program renewals which in turn delayed SSDC's new program launch schedule. The overall impact on revenue is a negative 2.3% change in revenue. The outlook for Fiscal 2017 has significantly improved with increased revenue and earnings likely to appear in the First Quarter of Fiscal 2017.

IRIX's revenues decreased in the Fourth Quarter of Fiscal 2016 when compared to the Fourth Quarter of Fiscal 2015, and IRIX's annual revenues decreased year over year. IRIX produces marketing materials for the real estate sector, and the changing residential real estate market in the Metro Vancouver area was affecting this particular subsidiary negatively. During the first three quarters of Fiscal 2016, the Vancouver real estate market was very active. As a result, advertising demand from developers in the real estate sector was low.

GEA has seen an increase in its overall revenue as a result of expansion of its school network, increased recruitment business, growth of its summer camp and winter camp programs as well as enhanced consulting income from offering value added services to students. The year over year increase is 67.14%.

Rental revenue for the Fourth Quarter of 2016 as well as Fiscal 2016 increased significantly. This is due to the stabilization of the projects the Company has acquired in the past. The Company was able to use its existing school and agent networks to feed student accommodation needs to the Company's various properties.

Total development revenues decreased for Fiscal 2016 when compared to Fiscal 2015. Development fees of $1.5 million recognized in the Third Quarter of Fiscal 2016 was reversed; however, the Company is expecting to meet those recognition criteria in First Quarter of Fiscal 2017 and recapture the applicable development fees in the First Quarter of Fiscal 2017.

General and administrative expenses for the Fourth Quarter of Fiscal 2016 decreased compared to the Fourth Quarter of Fiscal 2015. On a yearly basis, the general and administrative fees also saw an increase due to several transactions that occurred during Fiscal 2016. The year over year 2.55% increase was primarily a result of professional fees including legal fees, architectural, development, engineer and accounting consulting fees as well as other due diligence costs associated with the acquisition of real estate projects. In addition, the Company also disposed of Acsenda School of Management during Fiscal 2016 in addition to acquiring VIC. These large transactions also generated professional fees and fees related to restructuring and new hires.

Gain on fair value changes in investment property in Fiscal 2016 totaled $9,779,146 of which $2,669,493 was recognized in the Fourth Quarter of Fiscal 2016. This increase was due to an increase in the fair market value of Project 3. Valuation standards under IFRS allowed the Company to record the increase in value to fair value, and this project is expected to continue to generate rental revenue in future years as well.

Total assets and long-term liabilities have increased compared to the same period last year due to the real estate investment projects. In the Fourth Quarter of Fiscal 2016, long-term liabilities increased and total assets increased. Associated with GEC branded Project 3, the investment property was valued at $49,900,000 and related borrowings were recorded. Project 3 is undergoing renovation, and the construction budget associated with renovation is covered by additional loans from the lenders. The Borrowings are secured against the real property.

For specific data on the aforementioned increases and decreases, please refer to the table above.

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 August 31, 2016 to August 31, 2015:

Selected Financial Condition Information	August 31, 2016	August 31, 2015	Dollar Change	Percentage Change
Cash and cash equivalents	$4,341,970	$2,286,631	$2,055,339	89.89%
Accounts receivable	$6,795,474	$7,975,499	($1,180,025)	-14.80%
Deferred educational revenue	$11,548,744	$10,319,570	$1,229,174	11.91%
Finance lease	$488,804	$665,510	($176,706)	-26.55%
Long-term debt	$28,838,064	$23,675,080	$5,162,984	21.81%
Working capital surplus (deficit)	($3,994,904)	($31,466,726)	$27,471,822	87.30%
Shareholders' equity	$54,939,347	$36,124,762	$18,814,585	52.08%

Cash and cash equivalents have increased. The Company has been using its cash and short-term investment resources to invest in the real estate development projects and for expenditures to support the various projects.

Accounts receivable has decreased while deferred educational revenue has increased, reflecting strong enrollment 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 borrowings increased, which is a result of the borrowing on the investment property. In the Fourth Quarter of Fiscal 2016, the Company completed its refinancing of Project 3 as half of the building's renovation was completed. After the completion of all renovation and conversion, the interest rate for the refinancing is expected to be lower than the rate currently applicable.

The Company's working capital has increased primarily as a result of the reclassification of Project 3 loan as long term liability due to the refinancing of that project.

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 August 31, 2016, the Company had $4,341,970 (August 31, 2015 - $2,286,631) of cash and cash equivalents. In addition, the Company has a demand operating credit facility of $1,500,000. The Company could look to capital financing which has it successfully raised in the current fiscal year and in the past. However, there is no assurance that such financing will be available on favourable terms. Management prepares budgets and cash forecasts to ensure that the Company has sufficient funds to fulfill its financial obligations. The Company is currently in a working capital deficit position, however the Company has positive cash balances as discussed above.

Recent regulatory changes affecting student tuition fee collections have marginally affected SSDC's student tuition relating to international students. Most established international markets such as China, Japan and Korea will continue their payment pattern through agencies. As these markets are more than 50% of SSDC's international revenues, the impact on liquidity is to increase accounts receivable by 6% to maximum risk of 11.5%.

The following tables summarize the obligations of the Company's financial liabilities and operating commitments as at August 31, 2016:

August 31, 2016	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Accounts payable and accrued liabilities	$ 3,000,520	$ -	$ -	$ 3,000,520
Income taxes payable	114,836	-	-	114,836
Due to GEC LP 1 and related parties	1,016,825	-	-	1,016,825
Finance leases (including interest charges)	191,374	349,308	-	540,682
Long-term debt (including interest charges)	1,590,439	30,485,111	-	32,075,550
	$ 5,913,994	$ 30,834,419	$ -	$ 36,748,413

A total of $72,500,000 has been committed on the purchase of certain real estate projects, $48,750,000 of which is expected to be due not later than year with the remainder in due later than one year but less than five years. These capital commitments do not include costs for renovation, furnishings, closing costs or taxes. In addition, GEC Holdings is committed to contribute $1,905,000 within the next Fiscal Year associated with required limited partnership funding requirements.

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 August 31, 2016, 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

	August 31, 2016	August 31, 2015
Accounts receivable - Weifang University (1)	$ 2,139,876	$ 3,257,106
Accounts payable - Weifang University (1)	$ 260,551	$ 81,659
Due from officers, employees, directors and non-arm's length investors (2)	$ 2,329,947	$ 735,000
Due to officers, employees, directors and non-arm's length investors (3)	$ 1,016,825	$ 1,847,159

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 August 31, 2016, the amount due from officers, employees, directors and non-arm's length investors is comprised of the following:

	August 31, 2016	August 31, 2015
Due from Investor 2 of GEC Project 2	$ 635,000	$ 735,000
Due from Developer of GEC Project 5	1,004,795	-
Due from GEC LP 4	461,000	-
Due from Beihai College	229,152	-
	$ 2,329,947	$ 735,000

Amount due from Developer of GEC Project 5 bears interest at 5% per annum and is due upon completion and closing of the project. Amount due from Investor 2 of GEC Project 2 is non-interest bearing with no set terms of payment and will be repaid through additional funding of GEC Project 2 LP by Investor 2. All other amounts due are non-interest bearing and have no fixed terms of repayment. Transactions with related parties 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 of August 31, 2016, the amount due to officers, employees, directors and non-arm's length investors is comprised of the following:

	August 31, 2016	August 31, 2015
Due to officers and directors of the Company	$ 1,363	$ 34,151
Due to the President of IRIX	187,237	183,389
Due to Investor 2 of GEC Project 2	-	840,000
Due to Investor 3 and third-party investor of GEC Project 3	828,225	789,619
	$ 1,016,825	$ 1,847,159

The amount due to Investor 3 and the third-party investor of GEC Project 3 bears interest at 5% per annum and has no fixed terms of repayment. All other amounts due are non-interest bearing and have no fixed terms of repayment. Transactions with related parties 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.

The remuneration of directors and other members of key management personnel are as follows:

	Year Ended August 31, 2016	Year Ended August 31, 2015
Management fees and salaries	$ 695,981	$ 675,341
Share-based payments	12,579	3,250
	$ 708,560	$ 678,591

BASIS OF PRESENTATION

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. IFRS comprises IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs"). The Company's significant accounting policies are described in note 2 of the Company's consolidated financial statements for the year ended August 31, 2016.

CRITICAL JUDGEMENTS AND ESTIMATES

In the preparation of the consolidated financial statements and the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during each reporting period. The estimates and associated assumptions are limited by the relevance of historical data and uncertainty of future events. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant accounting judgements

The following are the significant judgements, apart from those involving estimates, that management made in the process of applying the Company's key accounting policies and have the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of discontinued operations

Management considers the significance of the line of business to the Company in deciding whether to present operations that have been abandoned or sold as discontinued operations in the statement of loss. Acsenda School of Management was not determined to be a significant line of business and thus has not been presented as a discontinued operation.

Recognition of deferred income tax assets

The decision to recognise a deferred tax asset is based on management's judgement of whether it is considered probable that future taxable profits will be available against which unused tax losses, tax credits or deductible temporary differences can be utilized.

Assessment of indefinite life intangibles

The Company holds three types of indefinite life intangible assets: Accreditations and registrations, brand-names and trade-names, and Chinese university agreements. Management reassess at each annual reporting period whether there have been any changes in the current market place or regulatory environment that would impact the conclusion that these are indefinite life intangibles. Management continues to conclude that there is no definite end to the cash flows to be generated from accreditations and registrations and brand-names and trade-names as at August 31, 2016.

Chinese university agreements are partnership contracts held through the Company's Chinese operations and have a contractual life of between 15 and 20 years with renewal clauses. Management individually reviews and assesses each university contract for appropriateness of classification as an indefinite lived intangible. Management's history with each of these individual contracts is that they will be automatically renewed for a subsequent period after the initial contractual life and as a result, in management's judgment, represent indefinite life intangible assets.

Determination of control of subsidiaries and joint arrangements

Judgement is required to determine when the Company has control of subsidiaries or joint control of joint arrangements. This requires an assessment of the relevant activities of the investee, being those activities that significantly affect the investee's returns, including operating and capital expenditure decision-making, financing of the investee, and the appointment, remuneration and termination of key management personnel; and when the decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Judgement is also required when determining the classification of a joint arrangement as a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement. Changes to the Company's access to those rights and obligations may change the classification of that joint arrangement.

Management has determined that in some cases it controls and in some cases it has significant influence over the Limited Partnerships which have been formed to hold the GEC operations of the business. The Company has determined that notwithstanding the fact that the Company holds less than the majority of voting units in a certain limited partnership that they do have control as they will direct the business of the partnership and no one investee can effect a change in this control. Furthermore, the Company has determined for certain other interests in limited partnerships that while they do not hold a 20% interest in the investee, that the ability to direct the business of the partnership supports the basis for significant influence. These assessments impact the presentation of the operations of the limited partnerships in the Company's consolidated results. The Company concluded that commencing March 2016 a previously consolidated subsidiary met the definition of a joint operation and was accounted on a proportionate basis thereafter.

Determination of Investment Property

Management uses judgement in determining if assets acquired meet the definition of investment property or owner occupied property. In cases where optional ancillary services may be available in addition 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.

Key sources of estimate uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts included in the financial statements included, but were not limited to, the following:

Allowance for doubtful accounts

The Company provides for bad debt by setting aside a percentage of sales towards the allowance account based on historical default experience. Uncertainty relates to the actual collectivity of customer balances that can vary from the Company's estimation.

Valuation of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated balance sheets cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Useful lives of property and equipment and definite life intangible assets

The Company estimates useful life, residual value and depreciation methods based on industry norms, historical experience, market conditions and future cash flows. It is possible that future results could be materially affected by changes in the above factors. The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain assets.

Impairment of indefinite life intangible assets and goodwill

Indefinite life intangible assets and goodwill are reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired. Impairment of an asset occurs when its carrying value exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and value in use. This calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The calculation is based on a discounted cash flow model, which incorporates the Company's budget and business plan. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. To arrive at cash flow projections the Company uses estimates of economic and market information over the projection period, including growth rates in revenues, estimates of future expected changes in operating margins, and cash expenditures. Other significant estimates and assumptions include future estimates of capital expenditures and changes in future working capital requirements.

Valuation of Investment Property

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.

Assessment of fair value of assets acquired in a business combination

Judgment is required to determine whether the Company acquired a business under the definition of IFRS 3, *Business combinations* ("IFRS 3"), and also the acquisition date the Company obtained control over the business, which was the date that consideration is transferred and when we assumed the assets and liabilities. Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recorded at their fair values at the date of acquisition.

ACCOUNTING STANDARDS DEVELOPMENT

New accounting standards issued but not yet effective

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. The Company has not early adopted any other amendment, standard or interpretation that has been issued by the IASB but is not yet effective. The Company is in the process of determining the extent of the impact of these changes on its consolidated financial statements.

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.

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.

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.

Leases

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"). This standard introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying is of low value. The lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a corresponding lease liability representing its obligation to make the lease payments. This standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted but only if IFRS 15 is adopted concurrently.

Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7, *Statement of Cash Flows*. The amendments are effective for annual periods beginning on or after January 1, 2017 with earlier application permitted. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Share-based Payment

In June 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions. The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

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 as follows:

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.

OFF-BALANCE SHEET ARRANGEMENTS

Various forms of security, in addition to a mortgage over lands, have been granted by the relevant limited partnership and by the Company and certain of its subsidiaries in favour of arm's length lenders in connection with the student housing projects. The security granted gives the lenders 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 EVENT

GEC Project 5 Purchase and Financing

On October 28, 2016, the transactions related to GEC Project 5 (Note 4) closed and the GEC LP 5 purchased a residential and commercial building located in Burnaby, B.C. for $17.75 million before furniture, fixtures and equipment. In addition, the Company entered into two separate mortgage agreements to finance this purchase.

In October 2016, GEC LP 5 and related companies obtained a first mortgage for a total of $12,000,000 due 24 months from November 1, 2016 which bears interest at a rate for of 4.2% per annum, calculated daily and compounded monthly until paid. The agreement includes a holdback of $1,000,000 which will be released upon the signing of commercial tenant leases and occupancy. The lender may extend a renewal offer of six months in advance of the loan due date. The loan requires repayments of $1,000 monthly plus interest, with all amounts due on November 1, 2018 or on demand in the case of default. Partial or full repayment of the loan before maturity date is permitted with no penalty. The assets of GEC Project 5 and other guarantees collateralize the borrowings. Lender costs and third party were incurred in securing the loan.

In addition, GEC LP 5 obtained a second mortgage for a total of $4,300,000 due 27 months from November 1, 2016 which bears interest for the first 24 months at the greater of: (a) the annual TD Canada Trust prime rate, plus 7.30%; and (b) 10.0%. For the remaining three months of the term interest is the greater of: (a) prime rate plus 11.3%; and (b) 14%. An interest reserve of $300,000 was paid from the proceeds but will only be available to be drawn down by $25,000 monthly thereafter requiring Company to provide additional funds. The agreement includes a holdback of $1,000,000 which will be released upon the signing of commercial tenant leases and occupancy. The lender may extend a renewal offer of six months in advance of the loan due date. The loan requires repayments of monthly interest only, with all amounts due on February 1, 2019 or on demand in the case of default. The loan may be repaid in its entirety with 60 days written notice and subject to minimum interest reserves and penalties. The assets of GEC Project 5 and other guarantees collateralize the borrowings; however, are subordinate to the first mortgage. Lender costs and third party were incurred in securing the loan.

In conjunction with the purchase of the Property, the Company entered into a head lease agreement with the limited partnership which requires the Company to pay minimum and additional rents for the property units. As possession of the Property did not occur until subsequent to year end there was no rent expense or related revenues. Based on the agreement in place, the minimum rent payment is expected to be approximately $1,275,000 per annum.

GEC Project 6 Land Purchase and Financing

In June 2016, the Company signed a financial advisory agreement with a broker to raise an aggregate of $110 million equity for two limited partnerships being structured by the Company and to be managed by GEC Mgmt. Subscriptions for the limited partnerships, GEC LP 6 and GEC LP 7 (Note 4) commenced in September 2016. Approximately $11 million in subscription funds and signed unit subscription agreements have been received from qualified investors for the purchase of limited partnership units for Project 6 and 7. Future subscriptions will be closed in a series of tranches and proceeds from these subscriptions will be used to acquire the lands and to provide deposits for construction this Projects.

On September 29, 2016, GEC LP 6 obtained a first mortgage for a total of $8,500,000 due 13 months from October 1, 2016 which bears interest for the first 12 months at a rate of 9% per annual compounded monthly and interest for the last month at 15% compounded monthly. The lender may extend a renewal offer of 12 months in advance of the loan due date. The loan requires monthly repayments of principal of $63,750 and interest to October 1, 2017 and $106,250 principal monthly plus interest until on amounts are paid. The loan is not eligible for prepayment before June 1, 2017 after which it may be prepaid in no less than $50,000 increments. The assets of GEC Project 6 and other guarantees collateralize the borrowings. Lender costs and third party were incurred in securing the loan.

On September 29, 2016, GEC LP 6 purchased five parcels of land located in Metro Vancouver for $17 million, with an option to purchase a sixth adjacent parcel from another owner upon development permit approval. The site will become the future home of one of the Company's real estate developments.

Development Contract

In September 2016, the Company signed a Memorandum of Understanding with the WestStone Group, a leading real estate development company in Western Canada, to construct GEC Project 7. The project is expected to cost approximately $230 million. The parties plan on finalizing the formal Purchase and Sale Agreement before the end of calendar 2016 while preparations for the development application are underway.

Share Purchase Warrants

A total of 168,040 share purchase warrants with exercise prices ranging from $0.25 per share to $0.30 per share were exercised subsequent to August 31, 2016.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

(a) Evaluation of Disclosure Controls and Procedures

The Company carried out, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their evaluation, the Company's Chief Executive Officer and its Chief Financial Officer concluded that, as of August 31, 2016, and the date of this Management's Discussion & Analysis, the disclosure controls and procedures were effective. Management has concluded that the consolidated financial statements for the year ended August 31, 2016 fairly present, in all material respects, the financial position, financial performance and cash flows for the Company in conformity with IFRS.

(b) Report of Management on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. With the participation of the Company's Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of August 31, 2016, based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**").

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will occur and not be detected by management before the financial statements are published. Controls can potentially be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls also is based on part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

In its assessment of the effectiveness in internal control over financial reporting as of August 31, 2016, the Company determined that there were no material deficiencies in the Company's internal controls over financial reporting for Fiscal 2016.

CIBT EDUCATION GROUP INC.
SCHEDULE OF SHARE CAPITAL
AS AT NOVEMBER 30, 2016

Issued and outstanding shares

68,643,643 shares were issued and outstanding as at November 30, 2016.

Escrow shares

No escrow shares were issued and outstanding as at November 30, 2016.

Stock options

Details of options outstanding as at November 30, 2016 are as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Contractual Life
1,953,000	$0.24	January 6, 2017	0.10 years
75,000	$0.25	April 7, 2017	0.35 years
30,000	$0.37	July 10, 2019	2.61 years
165,000	$0.38	July 21, 2021	4.64 years
150,000	$0.41	August 5, 2021	4.68 years
2,373,000			

As at November 30, 2016, a total of 2,129,250 stock options were exercisable with a weighted average exercise price of $0.26 per share.

Share purchase warrants

Number of Warrants	Exercise Price	Expiry Date	Remaining Contractual Life
153,300	$0.25	July 20, 2017	0.64 years
2,225,000	$0.30	July 20, 2017	0.64 years
2,378,300			

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 2016 filed on SEDAR at www.sedar.com.