CIBT EDUCATION GROUP INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

FOR THE QUARTER ENDED NOVEMBER 30, 2016

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, 2016, 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).

The forward-looking statements (and their underlying material factors or assumptions) in this MD&A include, without limitation, the following:

1. 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;

2. that students from the Company's own education subsidiaries and its partner schools will provide a steady supply of 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;

3. the expectation that GEA will successfully complete its programs and add more partner schools and unique programs designed for domestic and 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;

4. the Company's plans for the proposed education super 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 these projects can be completed in a reasonable amount of time as determined by the Company and the developer; and

5. the Company's plans for sufficient student centric facilities to be built 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 domestic and 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
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"**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 16, 2017

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 provide student housing in the Metro Vancouver area, British Columbia.

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, English as Second Language, 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, technical trades, 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 domestic and international students as well as technology professionals in the Metro Vancouver area in British Columbia
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.

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 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

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[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
[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

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 Metro Vancouver, where the majority of the Company's education and real estate assets are located, there are approximately 112,800 foreign students (data from 2010) who are contributing over $2.3 billion to the British Columbia economy (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 as well as direct access to students through its wholly owned schools in Canada and Asia. The Company plans for sufficient student centric facilities to be built 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 many schools in Metro Vancouver do not provide housing options for their students, and those that do provide housing services have limited number of beds available. According to information released by the University of British Columbia, the wait-list for student residence was more than 6,000 at University of British Columbia, as of August 2016.[11]

With the mandate of educating students via SSDC, while recruiting international students to study at 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.[12] 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 in Canada, 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.[13]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.[14] 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.[15] The Company's potential target market is further expanded if domestic students are also accounted for in the number of students requiring housing in the Metro Vancouver area. The Company is striving to become more vertically integrated in order to capture the value of this market. The Company is actively working with developers to provide serviced apartments and hotels catering to both Canadian and international students at various locations.

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, B.C. 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.

The Company's recently acquired VIC, which 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

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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 http://www.cbc.ca/news/canada/british-columbia/ubc-housing-application-50-dollar-fee-1.3737836
12 "1.27 Million Chinese Students Study abroad, Many in Canada" http://studymagazine.com/2011/04/22/chinese-students-studying-in-canada/
13 http://www.metronews.ca/news/vancouver/2016/11/28/metro-vancouver-rents-increase-vacancy-rate-drops.html
14 (Calculated value estimate) "Record numbers of international students choose B.C." https://news.gov.bc.ca/stories/record-numbers-of-international-students-choose-bc
15 "Record numbers of international students choose B.C." https://news.gov.bc.ca/stories/record-numbers-of-international-students-choose-bc

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 establish a more vertically integrated business model. The students at its partner institutions and its own subsidiaries provide a customer source for the Company's student housing division, 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.[16]

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 2 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, commercial offices, retail 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 the 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 $400 million. Discussions are underway 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.

[16] 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 November 30, 2016 (First Quarter)	Quarter Ended August 31, 2016 (Fourth Quarter)	Quarter Ended May 31, 2016 (Third Quarter)	Quarter Ended February 29, 2016 (Second Quarter)
Total revenues – Continuing operations	$13,979,876	$8,831,395	$8,143,563	$9,774,766
Net income (loss)	$5,660,983	($787,174)	$9,013,374	$601,314
Income (loss) per share	$0.08	($0.01)	$0.05	$0.01
Net income (loss) - CIBT Education Group Inc. shareholders	$5,210,614	($1,029,597)	$3,567,232	$855,939
Income (loss) per share - CIBT Education Group Inc. shareholders	$0.07	($0.01)	$0.05	$0.01

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	$0.01	$0.02	($0.00)	$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

Total revenues for the First Quarter of Fiscal 2017 increased when compared to the First Quarter of Fiscal 2016. The improvements in revenues are primarily driven by the increase of rental revenue from Global Education Holdings; development fees earned; and, the additional of education revenues from VIC and SSDC.

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 2016. The First Quarter of Fiscal 2017 produced a net income of $5,660,983. Included in this current period’s net income is the recognition of fair value gain of Project 5 as at November 30, 2016, and the recognition of development fees associated with this project as the official closing with the developer occurred in this quarter. In addition, the Company was also able to recognize development fees concurrent with the partial completion of phase I capital raising activities of the limited partnerships relating to Project 6 and Project 7.

Net income attributable to the Company’s shareholders in the First Quarter of Fiscal 2017 compared to the First Quarter of Fiscal 2016 also increased to a total of $5,210,614 as a result of the above mentioned reasons.

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, 2016 compared to the quarter ended November 30, 2015.

Selected Financial Information - Three Months Ended	Quarter Ended November 30, 2016	Quarter Ended November 30, 2015	Absolute Change	Percentage Change
Total revenues	$13,979,876	$9,364,420	$4,615,456	49.29%
Total revenues net of direct costs – Overall (%)	67.07%	61.76%	5.31%	8.60%
Educational revenues – CIBT	$480,288	$744,882	($264,594)	-35.52%
Educational revenues net of direct costs – CIBT (%)	42.81%	46.25%	-3.44%	-7.44%
Educational revenues – SSDC	$6,166,094	$6,314,245	($148,151)	-2.35%
Educational revenues net of direct costs – SSDC (%)	58.51%	57.52%	0.99%	1.71%
Educational revenues – VIC	$712,587	$0	$712,587	100.00%
Educational revenues net of direct costs – VIC (%)	50.68%	0.00%	50.68%	100.00%
Design and advertising revenues – IRIX	$215,882	$224,823	($8,941)	-3.98%
Design and advertising revenues net of direct costs – IRIX (%)	86.15%	74.72%	11.43%	15.30%
Commissions and referral fees – GEA	$276,124	$295,607	($19,483)	-6.59%
Commissions and referral fees net of direct costs – GEA (%)	43.47%	18.95%	24.52%	129.37%
Rental revenues – GEC	$1,664,615	$341,787	$1,322,828	387.03%
Rental revenues net of direct costs – GEC (%)	25.91%	40.74%	-14.83%	-36.41%
Development fees – GEC and Corporate	$4,464,286	$1,443,076	$3,021,210	209.36%
General and administrative expenses	$5,046,008	$4,932,206	$113,802	2.31%
Gain on fair value changes in investment properties	$2,098,729	$0	$2,098,729	-
Income – Continuing operations	$5,660,983	$387,900	$5,273,083	1359.39%
Net income (loss)	$5,660,983	$387,900	$5,273,083	1359.39%
EBITDA [non-IFRS] – Continuing operations	$6,198,360	$681,205	$5,517,155	809.91%

The following reconciles the net income (loss) to EBITDA (non-IFRS):	Quarter Ended November 30, 2016	Quarter Ended November 30, 2015
Income (loss) – Continuing operations	$5,660,983	$387,900
Add: interest on borrowings	$321,835	$48,506
Add: income tax (recovery) provision	$0	$0
Add: depreciation and amortization	$215,542	$244,799
EBITDA [non-IFRS] – Continuing operations	$6,198,360	$681,205

RESULTS OF OPERATIONS

Total revenues increased by $4,615,456, or 49%, in the First Quarter of Fiscal 2017 compared to the First Quarter of Fiscal 2016. As described previously, the positive change was primarily driven by the following key factors: the increase of rental revenue generated by Global Education Holdings; increase of development fees earned; and, increased enrolment by SSDC and VIC.

CIBT educational revenues decreased by 35% for the First Quarter of Fiscal 2017 compared to First Quarter of Fiscal 2016. The decrease is primarily driven by change in accounting policies from consolidated accounting to joint venture accounting for this entity. CIBT was treated as a joint operation for the first Quarter of Fiscal 2017, with 60% of the total revenues of the operation being consolidated. For the First Quarter of Fiscal 2016, 100% of the revenues of CIBT China were consolidated resulting in the majority of the change.

SSDC's revenues decreased by 2% for the First Quarter of Fiscal 2017 compared to the First Quarter of Fiscal 2016. In August 2016, SSDC disposed of Acsenda School of Management and therefore revenues from this source only existed for the First Quarter of 2016 and not the First Quarter of 2017, resulting in a decrease. After considering this result, the revenue generated by SSDC increased by $522,720 year-over-year. The finalization of the prior years' regulatory changes has resulted in stabilization of the education sector, and SSDC has continued to benefit from the stabilization as well as the addition of its new trades programs. The number of international students at SSDC has also increased substantially, thus also having a positive impact on the revenue and profit of this subsidiary.

VIC is an English language college located in downtown Vancouver. It is the newest addition to the Company's education assets purchased in July 2016. The college offers Languages Canada Accredited and PTIB Designated Programs including: General English (ESL), EAP College Preparation/Pathway, Business English, Medical English and IELTS Test Preparation. In the First Quarter of Fiscal 2017, the school generated $712,587 of education revenue, an increase of approximately 15% when compared to the same period last year when VIC was operated by the former owner. Corresponding to new market demand for family programs, the school is also planning to add new programs in subsequent quarters of Fiscal 2017 in addition to other GEA coordinated group programs.

IRIX's revenues decreased by 4% for the First Quarter of Fiscal 2017 compared to the First Quarter of Fiscal 2016. Much of IRIX's business comes from producing marketing materials for the real estate sector. The changing residential real estate market in the Metro Vancouver area adversely affected IRIX. The placement of foreign tax has led to some market instability, especially with respect to the sales volume of high end multifamily dwellings, which had led to the decrease in marketing budgets of certain developers.

GEA's revenues decreased by 7% for the First Quarter of 2017 compared to the First Quarter of Fiscal 2016 as the entity saw a temporary slowdown of its business. The primary reason for the decrease is mostly due to seasonal shift in this particular subsidiary. In addition to focusing on individual student recruitment and services, GEA is planning for several group programs with VIC as well as other partner schools in Vancouver and bundling its services with student housing offering. These group programs require more synchronized coordination and human resources at the beginning phase are expected to generate positive results in future 2017 quarters.

GEC continues to generate rental revenues for the group. The Company has three operating facilities as of November 30, 2016, comprised of two serviced apartments and one hotel. The possession of GEC Project 5 occurred in the First Quarter of Fiscal 2017. One of the serviced apartments, GEC Project 3, has approximately 50% of its available floors under renovation with an expected completion date of March 2017. The hotel facility has been fully operational since November 2015. Together, these three properties generated rental revenues of $1,664,615 in the First Quarter of Fiscal 2017, an increase of 387% compared to the First Quarter of Fiscal 2016 as the result of additional rental space becoming available.

Corporate operations generated development fee revenues of $4,464,286 in the First Quarter of Fiscal 2017 compared to $1,443,076 in the First Quarter of Fiscal 2016, an increase of $3,021,210 or 209%. This revenue stream for the Company is a result of the Company's efforts in planning for and developing student centric serviced apartments as well as education centers. Development fee revenues vary depending on activity. In particular, results from First Quarter of 2017 includes structuring fees earned for partial completion of Phase I of two projects under planning and the completion of one project. The Company expects to realize additional development fees in the Second Quarter of Fiscal 2017.

General and administrative expenses increased by 2% for the First Quarter of Fiscal 2017 compared to the First Quarter of Fiscal 2016. The increase was primarily driven by increased professional fees. The real estate development projects involved heavy use of professionals such as consultants, lawyers, appraisers, engineers, and architects.

Total assets have increased compared to the same period last year due to the addition of GEC Project 5 and GEC Project 6, whereas in the First Quarter of 2016, only GEC Project 3 was included as an investment property. As of November 30, 2016, the end of First Quarter Fiscal 2017, the total assets of the Company is $144,704,209 compared to the total assets of $84,973,543 in the First Quarter of Fiscal 2016.

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, 2016:

Selected Financial Condition Information	November 30, 2016	August 31, 2016	Dollar Change	Percentage Change
Cash and cash equivalents	$7,074,212	$4,341,970	$2,732,242	62.93%
Accounts receivable	$9,047,077	$6,795,474	$2,251,603	33.13%
Deferred educational revenue	$14,133,571	$11,548,744	$2,584,827	22.38%
Finance lease	$535,826	$488,804	$47,022	9.62%
Borrowings	$52,596,223	$28,838,064	$23,758,159	82.38%
Working capital surplus (deficit)	($5,041,426)	($3,994,904)	($1,046,522)	-26.20%
Shareholders' equity	$66,824,604	$54,939,347	$11,885,257	21.63%

Cash and cash equivalents have increased by 63%, to a total of $7,074,212. The Company has been receiving funds in connection with the real estate projects under development, and has been using its cash resources to place deposits on certain properties and for costs associated with professional services associated with initiating each project.

Accounts receivable increased by $2,251,603, or 33%, associated with increased educational revenues and GEC's real estate projects.

Deferred educational revenue increased by $14,133,571, or 22%, which reflects strong and consistent enrolment for the Company's educational business that will be earned in the coming quarters when tuition fees are collected, and classes are delivered and revenues recognized.

During the First Quarter of Fiscal 2017, additional mortgages were entered into associated with the purchase of GEC Project 5 and GEC Project 6. The increase in the balance $23,758,159 is the result of mortgage advances and accretion of associated finance fees related to these investment properties. In October 2016, the limited partnership which purchased GEC Project 5 obtained a first mortgage of $12,000,000 and a second mortgage for $4,300,000. In September 2016, the limited partnership which purchased GEC Property 6 also obtained a first mortgage of $8,500,000. All borrowings are classified as long-term as the mortgages due not mature within the next twelve months, subject to extension provisions.

The Company's working capital declined by $1,046,522 primarily as a result of amounts advanced by investment partners. The amounts advanced by investments partners are temporary and will be eliminated within the next six months once the new limited partnerships are established and reorganized.

Subsequent to November 30, 2016, subscription proceeds totalling $3,525,000 were received for GEC Project 6 and subscription proceeds totalling $1,225,000 were received for GEC Project 7. To date, total subscription proceeds of $11,175,000 have been received for GEC Project 6 and total subscription proceeds of $6,325,000 have been received for GEC Project 7.

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, 2016, the Company held $7,074,212 (August 31, 2016 - $4,341,970) 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 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 and an un-utilized operating line of credit of $1,500,000.

The following tables summarize the obligations of the Company's financial liabilities and operating commitments as at November 30, 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	$ 5,016,309	$ -	$ -	$ 5,016,309
Income taxes payable	114,582	-	-	114,582
Due to related parties	3,083,693	-	-	3,083,693
Finance leases	129,433	406,393	-	535,826
Borrowings	13,638	52,582,585	-	52,596,223
	$ 8,357,655	$ 52,988,978	$ -	$ 61,346,633

A total of approximately $57,750,000 (August 31, 2016 - $72,500,000) has been committed on the purchase of certain real estate projects, $34,000,000 (August 31, 2016 - $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 and will funded by capital contributions of investors in the various projects and not represent a net cash outflow for the Company. Global Education 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 November 30, 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 AND INVESTMENT PARTNERS

Significant transactions between the Company and the following related parties:

	November 30, 2016	August 31, 2016
Accounts receivable - Weifang University (1)	$ 2,404,550	$ 2,139,876
Accounts payable - Weifang University (1)	$ 452,683	$ 260,551
Due from officers, employees, directors and non-arm's length investors (2)	$ 2,075,870	$ 2,329,947
Due to officers, employees, directors and non-arm's length investors (3)	$ 3,083,693	$ 1,016,825

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

	November 30, 2016	August 31, 2016
Due from Investor of GEC Project 2	$ 635,000	$ 635,000
Due from Developer of GEC Project 5	500,000	1,004,795
Due from GEC LP 4	686,785	461,000
Due from Beihai College	254,085	229,152
	$ 2,075,870	$ 2,329,947

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 an investor 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 an Investor. 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) The amount due to officers, employees, directors and non-arm's length investors is comprised of the following:

	November 30, 2016	August 31, 2016
Due to officers and directors of the Company	$ 51,363	$ 1,363
Due to the President of IRIX	194,507	187,237
Due to third-party investor of GEC Project 3	837,823	828,225
Due to third-party investor of GEC Project 6	2,000,000	-
	$ 3,083,693	$ 1,016,825

The amount due to third-party investors 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.

During the three months ended November 30, 2016 and 2015, respectively, the Company and its subsidiaries incurred a total of $156,798 (2015 – $165,260) for management fees and salaries paid to certain directors and officers employed by the Company and its subsidiaries.

OUSTANDING SHARE DATA

As at January 16, 2017, there were 69,198,943 common shares of the Company issued and outstanding.

As at January 16, 2017, the Company has stock options outstanding to certain employees, officers and directors providing the right to purchase up to 345,000 shares at prices ranging from $0.37 per share to $0.41 per share exercisable for periods ending from July 10, 2019 to August 5, 2021.

As at January 16, 2017, the Company has 153,300 share purchase warrants outstanding exercisable at a price of $0.25 per share exercisable to July 20, 2017, and 2,016,000 share purchase warrants outstanding exercisable at a price of $0.30 per share exercisable to July 20, 2017.

Subsequent to November 30, 2016, a total of 165,000 share purchase warrants with an exercise price of $0.30 per share were exercised and a total of 1,590,000 stock options with an exercise price of $0.24 per share were exercised. A total of 363,000 stock options with an exercise price of $0.24 per share expired on January 6, 2017.

Subsequent to November 30, 2016, the Company authorized the cancellation of a total of 1,238,700 treasury shares with an accumulated cost of $671,161.

BASIS OF PRESENTATION

The Company's unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2016. The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended August 31, 2016. 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

The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of its condensed consolidated interim financial statements. In addition, the preparation of the financial data requires that the Company's management makes assumptions and estimates of the impacts of uncertain future events on carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during each reporting period. Actual results could differ from those estimates as the estimate process is inherently uncertain. The estimates and underlying assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

In preparing the Company's unaudited condensed consolidated interim financial statements for the three months ended November 30, 2016, the Company applied the critical judgements and estimates, including significant areas of estimation uncertainty in applying these policies, disclosed in Note 2 of its audited consolidated financial statements for the year ended August 31, 2016.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no material deficiencies in the Company's internal controls over financial reporting during the First Quarter of Fiscal 2017. There were no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to have materially affected, the Company's internal controls over financial reporting during the First Quarter of Fiscal 2017.

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.