CIBT EDUCATION GROUP INC.

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

FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2017

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 three and nine months ended May 31, 2017 (the "**Q3 Financial Statements**") 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 and its subsidiaries, including its annual information form, is available under the Company's profile on SEDAR (www.sedar.com).

FORWARD-LOOKING INFORMATION

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. the student 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 student housing projects will remain the economical choice for domestic and international students;

3. the expectation that Global Education Alliance Inc. 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 domestic and international students by the Company's partner schools will continue to grow;

4. the Company's plans for the proposed GEC® education centers: the underlying material factors or assumptions are that sufficient equity financing is raised from investment partners and that the applicable limited partnerships are able to secure loans to enable the purchase of the GEC Education Mega Center™ project and GEC Education Super Center® project; that the relevant municipalities are receptive to the proposed building plans; that these projects can be built for a price determined reasonable by the Company and its investment partners; and that 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, interest rate, government policy and real estate market volatility will remain low or stable, 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 July 12, 2017. 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 ended November 30, 2016
"**Second Quarter of Fiscal 2017**" means the three months ended February 28, 2017
"**Third Quarter of Fiscal 2017**" means the three months ended 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
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"**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

The Company has included certain non-IFRS performance measures throughout this document. Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") are non-IFRS financial metric used in this MD&A. 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 income or 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 – July 12, 2017

NATURE OF BUSINESS

The Company is an education and student-housing investment company focused on the global education market since 1994. Listed on the Toronto Stock Exchange (the "**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 Corp. ("**SSCC**")	Private career and technical training college offering diplomas and certificates in health care, tourism, hospitality, business, administrative, technical trades, and international studies in Canada.
Sprott Shaw Language College ("**SSLC**")	English as a Second Language College, offering accredited programs including General English (ESL), College Preparation/Pathway, Business English, Medical English, English Teacher Training, and Summer Camp programs. SSLC is a wholly owned subsidiary of SSCC and is not presented separately.
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.
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.
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 which services mainly the real estate industry.

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

SUMMARY OF CORPORATE DEVELOPMENTS

During the Third Quarter of Fiscal 2017:

(a) On March 15, 2017, the Company reported that British Columbia Supreme Court (the "**Court**") approval had been received by the Company to acquire substantially all of the operating assets of KGIC Inc. ("**KGIC**"). KGIC was placed under receivership on January 25, 2017. The Court approved an asset purchase agreement for the purchase by the Company's designated subsidiaries of substantially all of the operating assets of KGIC and certain of its subsidiaries (the "**Transaction**"). The Transaction closed on March 29, 2017. The former KGIC schools include language schools, domestic and international business colleges and one high school. The new acquisition is being integrated into the Company's education assets in Canada;

(b) The Company closed the second tranche of a second private placement, raising $860,999 by the issuance of 1,434,999 units at a price of $0.60 per unit, each unit consisting of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one common share for a period of two years at a price of $0.75; and

(c) The Company signed a Purchase and Development Agreement with WestStone Group, a leading real estate development company, to construct GEC Education Mega Center™, North America's first education mega center, in Surrey, B.C. (see "Corporate Developments" and "Subsequent Events" below for further details).

SUMMARY OF QUARTERLY RESULTS

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

Selected Financial Information	Quarter Ended May 31, 2017 (Third Quarter)	Quarter Ended February 28, 2017 (Second Quarter)	Quarter Ended November 30, 2016 (First Quarter)	Quarter Ended August 31, 2016 (Fourth Quarter)
Total revenues	$12,360,578	$10,492,521	$13,979,876	$8,831,395
Net income (loss)	$877,976	$1,879,499	$5,660,983	($787,174)
Income (loss) per share	$0.01	$0.03	$0.08	($0.01)
Net income (loss) - CIBT Education Group Inc. shareholders	$21,547	$89,449	$5,210,614	($1,029,597)
Income (loss) per share - CIBT Education Group Inc. shareholders	$0.00	$0.00	$0.07	($0.01)

Selected Financial Information	Quarter Ended May 31, 2016 (Third Quarter)	Quarter Ended February 29, 2016 (Second Quarter)	Quarter Ended November 30, 2015 (First Quarter)	Quarter Ended August 31, 2015 (Fourth Quarter)
Total revenues	$8,143,563	$9,774,766	$9,364,420	$8,779,190
Net income (loss)	$9,013,374	$601,314	$387,900	$3,977,341
Income (loss) per share	$0.13	$0.01	$0.01	$0.02
Net income (loss) - CIBT Education Group Inc. shareholders	$3,567,232	$855,939	$512,390	$1,013,083
Income (loss) per share - CIBT Education Group Inc. shareholders	$0.05	$0.01	$0.01	$0.02

Total revenues for continuing operations are predominately driven by: (a) the educational revenues earned from our educational institutions; and (b) the revenue sources generated by the investment in student housing which results in rental revenue, development fees and fair value gains on investment properties. Education revenues are impacted by the addition of new schools such as VIC in July 2016 and the acquisition of certain KGIC assets in March 2017 and increased revenues for SSCC as a result of new curriculum changes which came into place in December 2016 and the streamline of operations.

The Company's investment into the real estate sector starting in Fiscal 2015, with emphasis on providing student housing services, has created a business model that is showing improved results with the addition of each property. As additional student housing is made available, rental revenue increases. The Company generally receives development fees contemporaneously with the closing of equity financing for a project and these fees do not represent quarterly recurring revenue. During the three and nine months ended May 31, 2017, development fees of $nil and $5,595,239 were recognized. For GEC® branded projects that are lower in value, the duration to complete a deal and recognize the development fee is generally shorter. Due to the significant value associated with the GEC Education Super Center® and GEC Education Mega Center™ projects, efforts and concentrations were placed on these two projects which will take longer to complete but for which the value is much greater than all other GEC® branded projects.

Each quarter, the value of the investment properties is assessed and may result in fair value changes which the Company expects will be increases in the fair value in the form of fair market value gains. During the three and nine months ended May 31, 2017, gain on fair changes in investment properties of $1,485,562 and $5,741,344 were recognized. Development fees and fair value gains result in higher net income as associated costs of earning such income is lower than other revenue.

Net income (loss) attributable to the Company's shareholders varies depending on the number of non-controlling ownership positions in any given quarter and the result of operations.

PERFORMANCE

The table below describes the financial performance of each main business unit (continuing operations) of the Company, including revenues, revenues net of associated direct costs, and selected expenses.

	Quarter Ended May 31, 2017	Quarter Ended May 31, 2016	Absolute Change	Percentage Change
Total revenues	$12,360,578	$8,143,563	$4,217,015	51.78%
Total revenues net of direct costs – Overall (%)	50.95%	58.70%	-7.75%	-13.20%
Educational revenues – CIBT	$438,473	$613,044	($174,571)	-28.48%
Educational revenues net of direct costs – CIBT (%)	52.86%	55.76%	-2.90%	-5.20%
Educational revenues – SSCC	$8,763,812	$6,408,798	$2,355,014	36.75%
Educational revenues net of direct costs – SSCC (%)	54.93%	56.97%	-2.04%	-3.58%
Educational revenues – VIC	$696,469	$0	$696,469	100.00%
Educational revenues net of direct costs – VIC (%)	45.98%	0.00%	45.98%	100.00%
Design and advertising revenues – IRIX	$259,976	$147,556	$112,420	76.19%
Design and advertising revenues net of direct costs – IRIX (%)	72.59%	79.13%	-6.54%	-8.26%
Commissions and referral fees – GEA	$121,913	$189,857	($67,944)	-35.79%
Commissions and referral fees net of direct costs – GEA (%)	39.06%	63.72%	-24.66%	-38.70%
Rental revenues – Global Education Holdings	$2,079,935	$784,308	$1,295,627	165.19%
Rental revenues net of direct costs – Global Education Holdings (%)	33.45%	70.06%	-36.61%	-52.26%
Development fees – Global Education Holdings and Corporate	$0	$0	$0	0.00%
General and administrative expenses	$6,482,814	$4,870,623	$1,612,191	33.10%
Gain on fair value changes in investment properties	$1,485,562	$7,109,653	($5,624,091)	-79.10%
Net income	$877,976	$9,013,374	($8,135,398)	-90.26%
Income per share	$0.01	$0.13	$(0.12)	-92.31%
Net income – CIBT Education Group Inc. shareholders	$21,547	$3,567,232	$(3,545,685)	-99.40%
Income per share – CIBT Education Group Inc. shareholders	$0.00	$0.05	$(0.05)	-100.0%
EBITDA [non-IFRS]	$1,687,801	$9,484,838	($7,797,037)	-82.21%

REVIEW OF QUARTERLY FINANCIAL RESULTS

For the three months ended May 31, 2017 compared to the three months ended May 31, 2016

Net income was $877,976 for the Third Quarter of 2017 compared to $9,013,374 for the Third Quarter of 2016. The net increase in total revenues and decrease in net income was driven by: increased educational revenues of $2,876,912, increased rental revenues associated with the student housing arm of $1,295,627, a bargain purchase gain of $1,167,277 associated with the KGIC acquisition, offset by: increased direct costs of $2,699,194, a $5,624,091 decrease in fair value gains which are dependent on the market, a $1,612,191 increase in general and administration expenses, and an increase of $373,346 associated with borrowing costs.

Educational

- CIBT China educational revenues decrease is primarily driven by change in accounting policies which resulted in CIBT consolidating only 60% of revenues as a joint operator in the current quarter, whereas 100% of revenues were consolidated in the comparative quarter. On a 100% basis, CIBT China revenue increased and margins increased as revenue per student increased and costs associated with certain intangible assets decreased.

- SSCC revenues increased as the finalization of the prior years' regulatory changes has resulted in stabilization of the education sector and also new curriculum changes beginning in the current quarter. The number of international students at SSCC has also increased substantially having a positive impact on the revenue and profit of this subsidiary. Furthermore, revenues of Acsenda School of Management, which is no longer owned or operated by SSCC, of $710,701 were included in the comparative quarter. Taking this into consideration, SSCC revenues increased by 24.6% over the previous quarter. Margins decreased predominately as a result of increased agency fee which correlates to the increase in international students.

- SSLC, a wholly owned subsidiary of SSCC, started generating revenue on March 29, 2017 as the result of its purchase of former KGIC assets. For the period from acquisition to May 31, 2017 total revenues were $1,486,527.

- VIC assets were purchased in July 2016 and included in the Company's operations thereafter. Revenues increased when compared to the same period last year when VIC was operated by the former owner.

Real Estate and Student Housing

- Global Education Holdings continues to generate rental revenues. The Company has three operating facilities as of May 31, 2017, comprised of two serviced apartments and one hotel. During the First Quarter of 2017, a GEC® branded limited partnership purchased a serviced apartment building. The other serviced apartment building, which was purchased in January 2015, has approximately 45% of its available floors under substantial renovation with an expected completion date of the Fourth Quarter of 2017. The hotel facility has been fully operational since November 2015. Revenues increased as a result of increased occupancy and also additional rental space becoming available. Margins decreased primarily due to the mix of rental space available during renovations of one investment property.

- Development fee revenues are 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. There was no development fees earned during the Third Quarter of 2017 or Third Quarter of 2016.

- Gains on fair value changes on investment properties result from the appreciation of the value of land and property since purchase, the timing of which vary on the investment property.

Corporate

- The increase in general and administrative expenses was primarily driven by increased professional fees, additional rent, and additional salaries and benefits for the expanding business. The real estate development projects involved heavy use of professionals such as consultants, lawyers, appraisers, engineers, and architects.

- Interest and other income was $351,462 in Third Quarter 2017 compared to $216,627 in Third Quarter 2016. Other income consists of: recurring management fees which a subsidiary of Global Education Holdings earns by managing the operating projects and other non-recurring items dependent on the period of activity.

- Finance costs and fees were $693,605 in Third Quarter 2017 compared to $320,259 in Third Quarter 2016. Finance costs include interest on borrowings and accretion of finance fees incurred in arranging the borrowings. The increase is directly related to additional borrowing associated with the purchase of investment properties.

Other

- During the Third Quarter of Fiscal 2017, revenues of IRIX increased as the result of increased contracts to produce marketing materials for the real estate sector. The changing residential real estate market in the Metro Vancouver area impacts IRIX and causes fluctuations in revenues quarter to quarter.

- GEA's revenues decreased during the quarter as the result of timing of services provided. Overall, the programs GEA has in place are expected to continue to generate positive results in future quarters.

REVIEW OF YEAR-TO-DATE FINANCIAL RESULTS

Selected Financial Information	9 Months Ended May 31, 2017	9 Months Ended May 31, 2016	Absolute Change	Percentage Change
Total revenues	$36,832,975	$27,282,749	$9,550,226	35.00%
Total revenues net of direct costs – Overall (%)	59.04%	62.14%	-3.10%	-4.99%
Educational revenues – CIBT	$1,428,081	$2,015,768	($587,687)	-29.15%
Educational revenues net of direct costs – CIBT (%)	49.31%	48.52%	0.79%	1.63%
Educational revenues – SSCC	$21,334,523	$19,009,582	$2,324,941	12.23%
Educational revenues net of direct costs – SSCC (%)	57.99%	57.47%	0.52%	0.09%
Educational revenues – VIC	$1,949,790	$0	$1,949,790	100.00%
Educational revenues net of direct costs – VIC (%)	46.42%	0.00%	46.42%	100.00%
Design and advertising revenues – IRIX	$724,986	$615,422	$109,564	17.80%
Design and advertising revenues net of direct costs – IRIX (%)	73.77%	75.81%	-2.04%	-2.69%
Commissions and referral fees – GEA	$541,788	$576,376	($34,588)	-06.00%
Commissions and referral fees net of direct costs – GEA (%)	34.64%	35.12%	-0.48%	-1.37%
Rental revenues – Global Education Holdings	$5,258,568	$1,440,793	$3,817,775	264.98%
Rental revenues net of direct costs – Global Education Holdings (%)	27.55%	52.49%	-24.94%	-47.51%
Development fees – Global Education Holdings and Corporate	$5,595,239	$3,624,808	$1,970,431	54.36%
General and administrative expenses	$17,175,324	$14,980,991	$2,194,333	14.65%
Gain on fair value changes in investment properties	$5,741,344	$7,109,653	($1,368,309)	-19.25%
Net income	$8,418,458	$10,002,588	($1,584,130)	-15.84%
Income per share	$0.12[1]	$0.15	$(0.03)	-20.00%
Net income – CIBT Education Group Inc. shareholders	$5,321,610	$4,935,561	$386,049	7.82%
Income per share – CIBT Education Group Inc. shareholders	$0.07	$0.07	$0.00	0%
EBITDA [non-IFRS]	$10,529,512	$11,051,021	($521,509)	-4.72%

(1) Diluted income per share of $0.11.

EBITDA

The following reconciles the net income to EBITDA (non-IFRS):

	3 Months Ended May 31, 2017	3 Months Ended May 31, 2016	9 Months Ended May 31, 2017	9 Months Ended May 31, 2016
Income	$877,976	$9,013,374	$8,418,458	$10,002,588
Add: interest on borrowings	$491,738	$230,230	$1,334,902	$327,003
Add: income tax (recovery) provision	$0	$2,534	$0	$2,534
Add: depreciation and amortization	$318,087	$238,700	$776,152	$718,896
EBITDA [non-IFRS]	$1,687,801	$9,484,838	$10,529,512	$11,051,021

For the nine months ended May 31, 2017 compared to the nine months ended May 31, 2016

Net income was $8,418,458 for the nine months ended May 31, 2017 compared to $10,002,588 for the nine months ended May 31, 2016. The increase in total revenues and decrease in net income was driven by: increased educational revenues of $3,687,044, increased net rental revenues associated with the student housing arm of $3,817,775, increased development fees of $1,970,431, a bargain purchase gain of $1,167,277 associated with the KGIC acquisition, offset by: increased direct costs of $4,755,886, a $1,368,509 decrease in fair value gains which are dependent on the market, a $2,194,333 increase in general and administration expenses, and an increase of $1,066,202 associated with borrowing costs. Unless otherwise noted below the changes in the Company's results for the year to date period were similar to the three months ended May 31, 2017 discussed above.

Educational

- SSCC revenues increased as the result of additional core SSCC revenues and the addition of $1,486,527 of revenues from SSLC. These increases were offset by a decrease of $1,994,864 related to Acsenda School of Management revenues which were included in the comparative nine months ended but not in Fiscal 2017 as Acsenda School of Management was sold in July 2016. Taking this into consideration, SSCC revenues increased by $2,833,278, or 14.9% in the nine months ended May 31, 2017. Margins were consistent with the comparative period.
- SSLC, a wholly owned subsidiary of SSCC, started generating revenue on March 29, 2017 as the result of its purchase of former KGIC assets. For the period from acquisition to May 31, 2017, total revenues were $1,486,527.

Real Estate and Student Housing

- Rental revenues increased as a result of increased occupancy and also additional rental space becoming available.
- The nine months ended May 31, 2017 included development fees earned for completion of phase I of projects under planning and the purchase of a serviced apartment whereas results for the nine months ended May 31, 2016 included development fees earned on a project currently under development.
- Gains on fair value changes on investment properties result from the appreciation of the value of land and property since purchase.

Corporate

- Interest and other income was $1,147,754 in the nine months ended May 31, 2017 compared to $298,871 in the comparative period. Other income consists of: recurring management fees which a subsidiary of Global Education Holdings earns by managing the operating student housing projects, interest on amounts due from related parties and investment parties and other non-recurring items dependent on the period of activity.
- Finance costs and fees were $1,887,619 in the nine months ended May 31, 2017 compared to $821,417 in the comparative period. The increase is directly related to additional borrowing associated with the purchase of investment properties.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Flow Activities	3 Months Ended May 31, 2017	3 Months Ended May 31, 2016	9 Months Ended May 31, 2017	9 Months Ended May 31, 2016
From operations provided by (used in) operating activities	($643,863)	$2,248,752	$8,582,197	$1,441,301
From operations (used in) investing activities	($8,547,450)	($2,070,858)	($44,337,253)	($6,005,704)
From operations (used in) provided by financing activities	$9,003,348	($88,323)	$38,153,457	$4,656,464
Increase (decrease) in cash and cash equivalents	($187,965)	$89,571	$2,398,401	$92,061
Effects of exchange rate changes on cash and cash equivalents	$38,947	$30,798	$72,447	$32,110
Cash and cash equivalents, beginning of period	$6,961,836	$2,235,700	$4,341,970	$2,286,631
Cash and cash equivalents, end of period	$6,812,818	$2,309,831	$6,812,818	$2,309,831

Cash flow provided from operating activities decreased in the three months ended May 31, 2017 compared to the 3 months ended May 31, 2016, was mainly comprised of additional costs associated with the business combination and the recognition of development fees in the prior quarter. Cash flow provided by operating activities increased in the nine months ended May 31, 2017 compared to the nine months ended May 31, 2016 mainly due to cash provided by higher net income and increases in net changes in net cash working capital including significant increases in deferred revenue.

Cash used in investing activities for the three months ended May 31, 2017 was associated mainly with cash paid to purchase the KGIC assets. In addition, cash was used to purchase property and equipment, intangible assets and items associated with the investment properties. Cash used in investing activities for the nine months ended May 31, 2017 was mainly the result of: cash paid to purchase the KGIC assets, the acquisition of an apartment building and a piece of land for a future project, and related property and equipment during the three months ended November 30, 2016. For comparative periods, cash used is mainly associated with providing deposits under contracts for the development of projects, the purchase of property and equipment and renovation costs.

Cash provided by financing activities increased in the nine months ended May 31, 2017 compared to the nine months ended May 31, 2016, mainly as the result of: completion of two private placements, issuing 6,935,332 units for gross proceeds of $4,258,339 associated with the KGIC transaction; two new mortgages for two properties and additional financing for an existing property; a non-revolving loan for $2,500,000; cash provided on exercise of stock options; and non-controlling interest capital contributions. These increases were offset by cash used in the repurchase of treasury shares and the repayment of certain advances from related parties. During the nine months ended May 31, 2016, cash provided by investing activities was mainly from the advance of amounts from related parties and limited borrowing under current facilities. During the three months ended May 31, 2017, in addition the reasons above, there was $5,069,393 associated with the Transaction which was paid by the Company at February 28, 2017 before the Transaction was closed and was applied to the purchase price in the Third Quarter of 2017.

The following table compares selected financial condition information as at May 31, 2017 and August 31, 2016:

	May 31, 2017	August 31, 2016	Dollar Change	Percentage Change
Total assets	$165,015,446	$100,853,698	$64,161,748	63.62%
Cash and cash equivalents	$6,812,818	$4,341,970	$2,470,848	56.91%
Accounts receivable	$9,851,721	$6,795,474	$3,056,247	44.97%
Deferred educational revenue	$18,372,634	$11,548,744	$6,823,890	59.09%
Borrowings	$57,164,138	$28,838,064	$28,326,074	98.22%
Working capital surplus (deficit)	($8,099,863)	($3,994,904)	($4,104,959)	-102.75%
Shareholders' equity	$77,838,404	$54,939,347	$22,899,057	41.68%

Total assets increased mainly as the result of:

- Increase in cash and cash equivalents increased as detailed in the nine months ended May 31, 2017 cash flow analysis above.
- Addition of and increases in fair value of investment properties of approximately $45,000,000, net of deposits.
- Increase in accounts receivable associated with increased educational revenues.
- Increase in intangible assets of approximately $10,000,000 associated with the business combination of KGIC assets which closed in the Third Quarter of 2017.

Total liabilities increased mainly as the result of:

- Increase in accounts payable associated with increased expenses resulting from the addition of SSLC of which $1,382,500 relates to a liability to issue convertible debentures and promissory notes to certain KGIC creditors. See "Subsequent Events".
- Deferred educational revenue 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. This liability includes deferred revenue from the KGIC transaction.
- Additional borrowings associated with purchasing investment properties. All borrowings are classified as long-term as the mortgages do not mature within the next twelve months, subject to extension provisions.
- Non-revolving credit facility of $2,500,000 drawn during Third Quarter of 2017.

CORPORATE DEVELOPMENTS

Purchase of KGIC assets

On January 25, 2017, SSLC, a subsidiary of the Company, completed a Debt Assignment Agreement (the "**Debt Assignment**") to purchase from a Canadian bank (the "**Bank**") approximately $12,300,000 of secured debt (the "**KGIC Debt**") for $3,100,000. The KGIC Debt is owed by KGIC. As a result of the Debt Assignment, SSLC replaced the Bank as KGIC's senior secured creditor.

On January 25, 2017, pursuant to an application to the Court made by SSLC as secured creditor, KGIC was placed under receivership. In addition, Sprott-Shaw College Corp., a subsidiary of the Company, entered into a Management Agreement whereby it was appointed to operate the business of KGIC as agent of and on the behalf of the Court appointed receiver (the "**Receiver**"). SSLC entered into a term sheet with the Receiver whereby another subsidiary of the Company agreed to provide a senior secured super-priority revolving credit facility, to a maximum of $3,000,000, to the Receiver to provide receivership funding. Interest accrued at 8.0% per annum, calculated monthly with interest due on settlement.

Pursuant to an order of the Court made on March 15, 2017, the Court approved an asset purchase agreement for the purchase by the Company's designated subsidiaries of substantially all of the operating assets of KGIC. The Transaction closed on March 29, 2017. To the date of the Transaction, a total amount advanced of $2,575,000 plus accrued interest of $19,936. The amount paid for the KGIC Debt and the amount due from the Receiver offset the purchase price for the KGIC assets.

Subject to TSX approval and execution of definitive agreements, the Company agreed to issue convertible debentures in the maximum aggregate principal sum of $1,500,000 in consideration for the acquisition of certain assets from arm's length parties. The debentures, which will mature in five years and will bear interest at the rate of 4% per annum, will be convertible by the holders into common shares of the Company at a price of $0.79 per share. The debentures will also be convertible by the Company upon the achievement of a specified milestone. TSX approval was obtained April 6, 2017 and the definitive agreements were issued June 7, 2017. See "Subsequent Events".

Private Placements

On January 25, 2017, the Company closed out of escrow a private placement raising $2,039,940 by the issuance of 3,238,000 units at a price of $0.63 per unit. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one common share for a period of one year at a price of $0.75. The Company paid cash finder's fee totaling $44,100. In addition, the Company issued 66,667 finder's warrants, each finder's warrant exercisable for one common share at a price of $0.75 per share for a period of one year. The securities issued in this private placement were subject to a four month hold period. The proceeds from this private placement were used as partial consideration for the assumption of the KGIC Debt.

On February 22, 2017, the Company closed the first tranche of a second private placement (the "**Second Financing**"), raising $1,357,400 by the issuance of 2,262,333 units at a price of $0.60 per unit. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one common share for a period of two years at a price of $0.75. The Company paid cash finder's fee totaling $55,992. In addition, the Company issued 350,000 finder's warrants, each finder's warrant exercisable, for a period of two years, for one common share at a price of $0.75 per share. The securities issued in this private placement were subject to a four month hold period. The proceeds from this private placement are intended to be used to provide a fund for school acquisition and expansion. On March 10, 2017, the second tranche of this private placement closed.

On March 10, 2017, the Company closed the second tranche of the Second Financing, raising $860,999 by the issuance of 1,434,999 units at a price of $0.60 per unit. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one common share for a period of two years at a price of $0.75. The Company paid cash finder's fee totaling $45,150. In addition, the Company issued 75,250 finder's warrants, each finder's warrant exercisable, for a period of two years, for one common share at a price of $0.75 per share. The securities issued in the second tranche of the Second Financing were subject to a four month hold period. The net proceeds are intended to be used to provide a fund for school acquisition and expansion.

Nature of Operations and 2017 Outlook

The Company is expecting to see strong performance from SSCC as it has finished curriculum updates, streamlined operations, and has extensive experience in the international students market. SSCC has also expanded its School of Trades in Burnaby, B.C. in the First Quarter of Fiscal 2017 to offer full construction electrician training.

The Company acquired VIC in July 2016, 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 pipeline for its student housing business. Together with SSCC, 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. Further, VIC provides the language school platform to create synergy and accretive value for the SSLC.

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 including non-exclusive referral service to GEC® branded student housing properties, 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 SSCC'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 invests in GEC® branded limited partnerships which provide 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.[1]

The Company, through the applicable GEC® branded limited partnership, completed the acquisition of a downtown Vancouver hotel in Fiscal 2016 to further expand its student accommodations portfolio. 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, through the applicable GEC® branded limited partnership, acquired in Fiscal 2015. This multipurpose building, with both retail and residential components, is currently being renovated. The targeted completion date of all substantial renovations is the Fourth 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.

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

In the First Quarter of Fiscal 2017, the Company, through the applicable GEC® branded limited partnership, 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.

In the Third Quarter of Fiscal 2017, the Company, through the applicable GEC® branded limited partnership, finalized the purchase and sale agreement with a developer for the GEC Education Mega Center™. The aggregate projected construction costs of GEC Education Super Center® and GEC Education Mega Center™ are over $400,000,000. Discussions are underway with institutional and other accredited 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 further diluting Global Education Holdings' ownership in each project, and vendor financing is also expected in some cases. These projects, plus future projects, are aimed to provide 10,000 rental units for students over the next several years.

FINANCIAL INSTRUMENTS RISK EXPOSURE

The Company's risks related to financial instruments, including credit risk, liquidity risk, currency risk and interest rate risk, and the Company's strategy to manage risks, are described in Note 23 to the consolidated financial statements for the year ended August 31, 2016. As at the date hereof, the Company believes that there were no significant changes to those risks during the nine months ended May 31, 2017, except as noted below.

Liquidity risk

During the three months ended May 31, 2017, the Company used operating cash flows of $643,863 compared to operating cash flow provided from operations of $2,248,752 during the three months ended May 31, 2016. During the nine months ended May 31, 2017 and 2016, the Company generated operating cash flows from continuing operations, of $8,582,197 and $1,441,301. At May 31, 2017, the Company held $6,812,818 (August 31, 2016 - $4,341,970) of cash and cash equivalents, and had a working capital deficit of $8,099,863 (August 31, 2016 – deficit of $3,994,904).

The Company previously had access to an undrawn demand operating credit facility of $1,500,000. In March 2017, the Company changed banks and executed a commitment letter for a total of $5,000,000 in the form of two facilities. "Facility A", a $2,500,000 non-revolving demand loan, was fully drawn bearing interest at prime plus 1.5% to be repaid in 60 monthly payments of $46,267 of blended principal and interest payments with total repayment in April 2022. At May 31, 2017, Facility A had a remaining outstanding balance of $2,462,645. During the three months ended May 31, 2017, interest expense of $10,639 was incurred. "Facility B" is a $2,500,000 revolving facility which will be available depending on the sub-set of borrowing in the form of an operating demand loan, commercial letter of credit, or corporate credit card and which will attract different interest rates and repayment terms depending on the availability drawn. At May 31, 2017, Facility B remained undrawn; however, corporate credit cards had been requested. The facilities are eligible for early prepayment in part or full and are subject to certain covenants and guarantees.

The Company closed two private placements in the Second Quarter of 2017 and one private placement in the Third Quarter of 2017 as discussed above under "Private Placements" which added to the liquidity of the Company.

In October 2016, a first mortgage for a total of $12,000,000 due 24 months from November 1, 2016 bearing interest of 4.2% per annum was executed. Partial or full repayment of the loan before maturity date is permitted with no penalty. In addition, a second mortgage was obtained for a total of $4,300,000 due 27 months from November 1, 2016 bearing 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 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 the investment property purchased and other guarantees collateralize the borrowings.

In September 2016, a first mortgage for a total of $8,500,000 due 13 months from October 1, 2016 bearing 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 was executed. The borrower has a one-time right to extend the maturity date of the loan by 12 months in advance of the loan due date subject to certain provisions. The loan requires monthly repayments of $63,750 to October 1, 2017 and $106,250 thereafter until all amounts are paid. Commencing from June 1, 2017, the loan is eligible for prepayment in increments of not less than $50,000. The assets purchased and other guarantees collateralize the borrowing.

During the nine months ended May 31, 2017, the Company made additional draws against one of its existing mortgages to fund the renovation of one of its investment properties.

The following tables summarize the obligations of the Company's financial liabilities and operating commitments as at May 31, 2017:

	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	$ 7,410,706	$ -	$ -	$ 7,410,706
Income taxes payable	115,801	-	-	115,801
Due to related parties and investment partners	1,120,177	-	-	1,120,177
Finance lease obligations	50,436	543,749	-	594,185
Borrowings	474,200	56,689,938	-	57,164,138
	$ 9,171,320	$ 57,233,687	$ -	$ 66,405,007

Real Estate Projects

At May 31, 2017, a total of approximately $289,000,000 (August 31, 2016 - $72,500,000) has been committed on the purchase of certain real estate projects, with approximately $100,000,000 expected to be paid in Fiscal 2018, with the remainder within the next five years. GEC Education Mega Center™ is expected to comprise approximately $230,000,000 of the total estimated commitment subject to final quotation by the developer and city planning department's density approval which will impact the final budget. These capital commitments do not include costs for renovation, furnishings, closing costs or taxes; assuming that the intended equity financing is raised by the applicable limited partnerships, these amounts will be funded by capital contributions of investors in the various projects and to such extent do not represent a net cash outflow for the Company. The Company is committed, if required, to contribute certain amounts to fund limited partnership funding requirements. Costs of approximately $1,200,000 have been committed to complete substantial renovations for one of the Company's buildings to be completed in the Fourth Quarter of 2017.

Interest Rate Risk

During the nine months ended May 31, 2017, the Company made additional borrowings, some of which have higher interest rates at the end of each instrument.

TRANSACTIONS WITH RELATED PARTIES AND INVESTMENT PARTNERS

Significant transactions between the Company and the following related parties are as follows. References to "GEC® Projects" below are references to the project held by the GEC® branded limited partnership associated with the student housing arm of the business.

	May 31, 2017	August 31, 2016
Accounts receivable - Weifang University (1)	$ 4,822,846	$ 2,139,876
Accounts payable - Weifang University (1)	$ 1,417,869	$ 260,551
Due from officers, employees, directors and non-arm's length investors (2)	$ 3,042,710	$ 2,329,947
Due to officers, employees, directors and non-arm's length investors (3)	$ 1,120,177	$ 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:

	May 31, 2017	August 31, 2016
Due from Investor of GEC® Project 2	$ 635,000	$ 635,000
Due from Developer of GEC® Project 5	882,535	1,004,795
Due from GEC® limited partnership 4	1,282,874	461,000
Due from Beihai College	242,301	229,152
	$ 3,042,710	$ 2,329,947

Amount due from the developer of GEC® Project 5 bears interest at 5% per annum and is secured by a demand promissory note held by the Company. 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 limited partnership by an investor. Amount due from an investor of GEC® Project 7 is for subscription to limited partnership units, which were received from the investor in the Third Quarter of 2017. 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:

	May 31, 2017	August 31, 2016
Due to officers and directors of the Company	$ 156,996	$ 1,363
Due to the President of IRIX	182,342	187,237
Due to third-party investor of GEC® Project 3	780,839	828,225
	$ 1,120,177	$ 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 nine months ended May 31, 2017 and 2016, respectively, the Company and its subsidiaries incurred a total of $803,091 (2016 – $505,780) for management fees and salaries paid to certain directors and officers employed by the Company and its subsidiaries.

OUTSTANDING SHARE DATA

As at July 12, 2017, the following common shares, stock options and warrants were outstanding:

- 78,235,025 common shares of the Company issued and outstanding.
- 430,000 stock options outstanding to certain employees, officers and directors providing the right to purchase up to 430,000 shares at prices ranging from $0.37 per share to $0.86 per share exercisable at dates ranging from July 10, 2019 to May 4, 2022.
- 3,947,662 share purchase warrants outstanding at prices ranging from $0.25 per share to $0.75 per share exercisable at dates ranging from July 20, 2017 to March 10, 2019.

ACCOUNTING MATTERS

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 May 31, 2017, 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 Third 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 Third 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
- increased competition in the sectors in which the Company has investments
- construction delay
- rising construction cost
- need for additional capital to complete acquisitions and 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. See also above under "Forward-Looking Information".

SUBSEQUENT EVENTS

Convertible Debentures

On June 7, 2017, the Company issued convertible debentures (the "**Debentures**") in the aggregate principal sum of $1,267,800 maturing on June 7, 2022. The debentures bear interest at the rate of 4% per annum and the principal sum will be paid in 60 equal instalments of principal and accrued interest. The Company has the right to prepay all or a portion of the principal sum then outstanding and accrued but unpaid interest, without payment of a bonus or penalty.

All or part of the principal sum is convertible to common shares at the election of the holder at a price of $0.79 per share. The Company has the right to deliver repayment of the principal sum then outstanding should it chose. The Company also has the right to convert the principal sum into common shares if a condition precedent is met. The Debentures were issued in connection with the KGIC business combination as payment for a collection right under agreements with certain KGIC creditors.

In addition, on May 31, 2017, two promissory notes totalling $125,000 were issued to a previous KGIC creditor in connection with the KGIC business combination. One promissory note was paid on July 7, 2017 and the remaining one is due in August 2017.

Proposed Sale

On June 16, 2017, the Company and a purchaser executed a letter of intent regarding the possible sale by the Company of all the issued and outstanding shares of one of the recently acquired KGIC assets for $350,000. Due diligence was completed on July 7, 2017 and the parties have agreed to execute a definitive agreement before the anticipated closing date of July 31, 2017. A deposit of $30,000 was received from the purchaser and is refundable, subject to certain conditions.