QUANTUM INTERNATIONAL INCOME CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MAY 31, 2015

GENERAL

The following Management Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements (the "Financial Statements") and the notes contained therein of Quantum International Income Corp (the "Company" or "Quantum") for the three months ended May 31, 2015 and 2014.

The unaudited condensed interim consolidated financial statements are prepared by management and reported in U.S. dollars, in accordance with International Accounting Standard "IAS" 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2015 audited consolidated financial statements and the notes thereto, and the 2015 MD&A filed with Canadian regulatory agencies. The documents are available at www.sedar.com.

This MD&A was prepared effective July 30, 2015.

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FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, "Forward-Looking Statements") and Quantum cautions investors about important factors that could cause Quantum's actual results to differ materially from those expressed, implied or projected in any Forward-Looking Statements included in this MD&A. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "may", "could", "believes", "estimates", "intends", "plans", "forecast", "projection" and "outlook") are not historical facts and may be Forward-Looking Statements that involve projections, estimates, assumptions, known and unknown risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such Forward-Looking Statements or otherwise materially inaccurate. No assurance can be given that these expectations or assumptions will prove to be correct and such Forward-Looking Statements included in this MD&A should not be unduly relied upon. These Forward-Looking Statements speak only as of management's beliefs and expectations as of the date of this MD&A. In addition, this MD&A may contain Forward-Looking Statements drawn from or attributed to third party sources. Accordingly, any such statements are qualified in their entirety by reference to the information discussed throughout this MD&A.

In particular, this MD&A contains Forward-Looking Statements regarding anticipated future financial, structural, growth and operating performance of Quantum, including as it pertains to the operations detailed in this MD&A and the deployment of capital into new acquisitions.

Actual results may differ materially due to a number of risks and uncertainties faced by Quantum, including, but not limited to: general economic and business conditions; global financial conditions; the failure of Quantum to identify future acquisition targets; third parties honouring their contractual obligations with Quantum and its subsidiaries; relationships with operating and/or joint venture partners; inaccuracy, incompleteness or omissions in any of the financial and other information upon which management bases its analysis of potential acquisitions; the failure to realize the anticipated benefits of Quantum's current and future acquisitions; factors relating to the healthcare industry, including reliance on third-party payors for revenue; licensing, certification and accreditation risk; healthcare regulatory requirements; dependence on physician relationships; litigation, professional liability claims; insurance coverage limitations and uninsured risks; dependence on key personnel at the Quantum and operations level; competition from other healthcare providers; factors relating to the media content generation and distribution industry, including ability to deliver services in a timely manner; changes in technology, consumer markets or demand for media services; changes in federal, provincial and foreign content laws and regulations; dependence on third party content producers; competition for, among other things, capital, equipment and skilled personnel; the inability to generate sufficient cash flow from operations to meet future obligations; the inability to obtain required debt and/or equity financing for future acquisitions on suitable terms; competition for acquisition targets; seasonality and fluctuations in results; and limited diversification of Quantum's business industries, structures and operations.

Quantum cautions that the list and description of Forward-Looking Statements, risks, assumptions and uncertainties set out above is not exhaustive. Quantum will update the Forward-Looking Statements as required by securities law. All Forward-Looking Statements contained in this MD&A are qualified by these cautionary statements.

Unless otherwise specified in this MD&A, information contained in this MD&A is current as of the date of this MD&A. Unless otherwise specified, all dollar amounts herein refer to U.S. dollars. Additional information on these and other factors that could affect the operations or financial results of Quantum and its subsidiaries are included in disclosure documents filed by Quantum with the securities regulatory authorities, available under Quantum's profile on SEDAR at www.sedar.com.

BUSINESS OVERVIEW

Quantum International Income Corp. ("Quantum" or the "Company") is a Healthcare company focused on delivering national integrated health solutions in the United States. The Company seeks to back management teams with strong operational track records and deep healthcare experience. The Company intends for acquired businesses or assets to fit synergistically within a strategic framework, have a proven operating history, opportunities for standalone growth and, potentially in some cases, national expansion. Potential acquisition targets will be in various related areas of the US healthcare industry in different geographic regions to allow for diversification. Overall, Quantum seeks to integrate and grow business in order to generate capital appreciation and, potentially in the future, stable distributions to its shareholders.

RECENT DEVELOPMENTS

Rockland

On January 9, 2015, the Company announced that its subsidiary, CSS, has signed a definitive agreement to acquire a 90% interest in Advanced Surgery Center, LLC ("Advanced") by use of Nominee Agreements, whereby the individual members of CSS will become licensed by the New York State Department of Health in their individual capacity.

Under the terms of the Agreement, CSS will indirectly acquire a 90% interest in Advanced for $4,000,000 payable in cash subject to adjustment. Completion of the transaction is subject to the approval of New York State's Public Health and Health Planning Council and the New York State Department of Health.

Provmark

On May 7, 2015, the Company announced that it has created a new US healthcare marketing and distribution company, Provmark LLC ("Provmark"). Provmark is led by two professionals with deep relationships across the United States and significant healthcare experience and sales track records. Mr. David Perry as President and Mr. Joe Giamichael as CEO will head Provmark's efforts, which will focus on the marketing, distribution and delivery of healthcare products and service solutions to over 400,000 primary care physicians ("Providers") across the United States.

Anesthesia

On May 27, 2015, the Company announced that it has created a purpose built subsidiary, Quantum Anesthesia Management LLC. ("QAM"), to acquire all the common shares of DA Management Corp.

DA Management Corp. is an anesthesia company with anesthesia administration contracts at all NYCSA in New York, New Jersey and the initial CSS facility in Essex County.

The existing revenue and patient base of DA Management Corp. creates a platform for US National Growth as QAM will be focused on managing and providing anesthesia services in facilities owned, managed or affiliated with the Company and will also add additional anesthesia contracts in markets where the Company has a market presence.

The Company issued 9 million shares as consideration for this transaction on July 23, 2015.

LTACH

On June 12, 2015, the Company announced that it has signed a definitive agreement to acquire Columbus Hospital LTACH, LLC (the "LTACH"), a company operating a long term acute care hospital in New Jersey.

The total consideration payable under the LTACH Purchase Agreement for the LTACH Acquisition is US$29,000,000.

Please refer to the subsequent event section for full details of the purchase agreement.

Bought deal

On June 17, 2015, the Company announced that it has entered into an agreement with Mackie Research Capital Corporation (“Mackie”), as lead underwriter and sole bookrunner on behalf of a syndicate, for the sale on a “bought deal” basis of 47,620,000 subscription receipts of the Company at a price of $0.42 CAD per subscription receipt for gross proceeds of CAD $20,000,400.

As part of the bought deal offering, the underwriter agreement included a clause requiring the internalization of the external manager. On July 20, 2015 the Company announced that the external manager will be internalized in exchange for the issuance 11,000,000 common shares of the Company.

On July 28, 2015, the Company announced that it has filed the final prospectus in relation to the bought deal offering and closed the financing. The first tranche of proceeds of $3,080,062 to be used for working capital purposes has been forwarded to the Company.

The balance of the proceeds will be released upon the Company meeting certain conditions including i) securing debt financing to close the LTACH purchase ii) meet all closing conditions to purchase the LTACH iii) internalize the management agreement. Please refer to subsequent event section for further details.

Second bridge loan

On June 30, 2015, the Company borrowed, on an unsecured basis, US$1,000,000 from a group of lenders, two of which are controlled by an individual that owns or controls approximately 10% of the outstanding common shares of the Company (the "Second Bridge Loan"). The Second Bridge Loan is to be repaid on the earlier of (i) August 31, 2015, and (ii) the date of the closing of the bought deal offering (the “Offering”), bearing interest at a rate of 15% per annum. The Second Bridge Loan was issued at a discount to the principal amount outstanding thereunder; that is, the Company received US$1,000,000. If the Second Bridge Loan is repaid on or prior to August 3, 2015, the Company must pay US$1,025,000 to retire the loan. If such loan is repaid after August 3, 2015, the Company must pay $1,050,000 to retire the loan. The proceeds of the Second Bridge Loan together with working capital were used by the Company to advance a loan to IHS HIALEAH, LLC ("IHS"), on an unsecured basis (the "IHS Loan").

On July 28, 2015, the Company repaid the second bridge loan from proceeds of the bought deal offering.

FINANCIAL REVIEW

INCOME STATEMENT

	May 31, 2015 $	May 31, 2014 $
Revenue		
Patient revenue	802,955	-
Net licensing revenue	(22,337)	-
	780,618	-
		-
Operating and other expenses		
General and administrative expenses (Note 9)	(1,688,490)	(278,688)
Finance income	329	-
Finance costs	(3,715)	(4,706)
Gain (loss) on foreign exchange	44,163	(1,945)
	(1,647,713)	(285,338)
LOSS BEFORE TAXES	(867,095)	(285,338)
Income taxes (Note 11)		
Current	-	-
NET LOSS	(867,095)	(285,338)
Attributable to:		
Owners	(846,655)	(285,338)
Non-controlling interest	(20,440)	-
	(867,095)	(285,338)
Other comprehensive income (loss)		
Foreign currency translation reserve	75	17,514
NET LOSS AND COMPREHENSIVE LOSS	(867,020)	(267,824)
Attributable to:		
Owners	(846,605)	(267,824)
Non-controlling interest	(20,415)	-
	(867,020)	(267,824)
Earnings (loss) per share attributable to owners		
Basic and diluted (Note 12)	(0.01)	(0.01)
Weighted average common shares issued and outstanding (Note 12)	65,579,984	18,851,327

Revenue

Revenue was $780,618 for the three month period ended May 31, 2015 and $nil for the three month period ended May 31, 2015. Revenue generated in the current period was attributable entirely to CSS. Surgical procedures commenced at CSS-Essex in December 2014.

General & administrative expenses

	Three months ended	
	May 31, 2015	**May 31, 2014**
	$	**$**
Professional and advisory fees	373,304	112,128
Management fees	152,479	93,138
Regulatory and filing fees	31,815	24,722
Salaries and benefits	341,175	-
Depreciation and amortization	118,386	-
General administrative expenses	388,289	48,700
Medical supplies used during the period	83,200	-
Impairment of assets (Note 10)	182,787	-
Stock based compensation	17,055	-
	1,688,490	278,688

The increase in general and administrative expenses compared to the three months ended May 31, 2014 is primarily related to the operations at CSS-Essex, operations of MME, and the impairment charge, operations of Provmark, as well as professional fees related to acquisition and financing activities.

Finance income and finance costs

Finance income includes $329 interest earned on cash balances during the three months ended May 31, 2015. There was no interest earned in the same periods in the prior year.

The Company incurred interest and bank charges of $3,715 for the three months ended May 31, 2015 compared to $4,706 for the same period in the prior year.

Net Loss

As a result of the foregoing factors, the net loss for the three months ended May 31, 2015 was $867,095 and $285,338 for the three months ended May 31, 2014. $20,440 of the net loss for the three months ended May 31, 2015 is attributable to non-controlling interests.

Other Comprehensive Income (loss)

Due to the change in presentation currency, other comprehensive income (loss) for the three months ended May 31, 2015 was 75. The other comprehensive income (loss) for the three months ended May 31, 2014 was $17,514. $25 of the other comprehensive income (loss) for the three months ended May 31, 2015 is attributable to the non-controlling interests.

__Net Comprehensive Loss__

Net comprehensive loss for the three ended May 31, 2015 was $867,020 and $267,824 for the three months ended May 31, 2014. $20,415 of the net comprehensive loss for the three months ended May 31, 2015 is attributable to the non-controlling interests.

CASH FLOW

	Three months ended	
CASH FLOW FROM (USED IN)	**May 31, 2015 $**	**May 31, 2014 $**
Operating activities	(1,080,765)	(496,441)
Investing activities	(1,080,000)	(330,706)
Financing activities	2,436,806	1,012,556
Increase (decrease) in cash and cash equivalents	276,041	185,409

Cash flows used in operating activities during the three months ended May 31, 2015 were primarily for payment of operating expenses in the new subsidiaries and corporate expenses, compared to operating expenses of an inactive company during the same period in the prior year.

Cash flows used in investing activities consists of $1,080,000 deposit on a potential acquisitions.

Cash flows from financing activities includes proceeds from exercise of warrants of $1,471,641 and $970,000 net proceeds from a bridge loan.

Net cash generated during the three months ended May 31, 2015 was $276,041 with foreign exchange impact on cash of $101 as compared to cash generated of $185,409 and foreign exchange impact on cash of $20,543 for the same period in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective when managing liquidity and capital resources is to ensure that it has sufficient liquidity to support its financial obligations and fund its operating and strategic objectives.

The Company intends to continue to invest in healthcare companies focused on delivering integrated health solutions.

__Working capital__

Working capital as at May 31, 2015 was negative $166,431, compared to negative working capital of $967,348 as at February 28, 2015. The increase in working capital is primarily due to the exercise of warrants for proceeds of $1,471,641 during the period and revenues generated from CSS-Essex operations. The current working capital requirements consist of transaction related payables, trade payables, bridge loan and labour at the operating company level. The Company has met its first condition of a bought deal financing of CAD $20,000,400 for the purchase of 47,620,000 subscription receipts, on July 28, 2015, by filing its final prospectus. As part of meeting the condition the Company received CAD $4,000,080 (US $3,080,062) of proceeds. The remaining proceeds will be released upon the Company meeting certain conditions including i) securing debt financing to close the LTACH purchase ii) meet all closing conditions to purchase the LTACH iii) internalize the management agreement. Please refer to subsequent event section for further details.

Share capital

During the period ended May 31, 2015, 18,577,500 warrants were exercised for total proceeds of $1,471,641.

The Company incurred $10,500 of share issuance costs associated with the bought deal financing announced June 17, 2015.

Capital management

As the Company continues to assess and seek to acquire an interest in additional businesses, the Company may continue to rely on capital markets and debt financing to support continued growth.

There were no changes in the Company's approach to capital management during the period ended May 31, 2015.

SELECT QUARTERLY INFORMATION (UNAUDITED)

	Quarter Ended August 31, 2013 $	Quarter Ended November, 30, 2013 $	Quarter Ended February 28, 2014 $	Quarter Ended May 31, 2014 $	Quarter Ended August 31, 2014 $	Quarter Ended November 30, 2014 $	Quarter Ended February 28, 2015 $	Quarter Ended May 31, 2015 $
Net loss before special items	(83,135)	(26,902)	(305,712)	(285,338)	(1,274,829)	(1,088,550)	(1,165,330)	(867,095)
Basic and diluted loss per share	(0.04)	(0.01)	(0.16)	(0.01)	(0.05)	(0.02)	(0.02)	(0.01)
Total assets	142,335	97,072	55,177	677,154	6,315,997	5,591,316	4,763,059	6,315,449
Total long term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	$42,701	$37,481
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

SEGMENTED INFORMATION

Management has identified four reportable business segments. Each of these reporting segments are managed separately and their results are based on internal management information that is regularly reviewed by the chief operating decision maker.

The Company's four reportable business segments are:

- Medical center operation in the USA, operated through CSS ("CSS")
- Purchase and sale of media content creation and distribution in Canada, operated through MME ("MME")
- USA healthcare marketing and distribution, operated through Provmark ("Provmark")
- Corporate expenses and office of the CEO ("Quantum")

Assets of CSS are held in the USA, all other assets are held in Canada.

					May 31, 2015
	Quantum	Provmark	CSS	MME	Total
	$	$	$	$	$
Patient revenue	-	-	802,956	-	802,956
Net licensing revenue	-	-	-	(22,337)	(22,337)
Operating expenses	(639,145)	(43,226)	(736,024)	(87,308)	(1,505,703)
Impairment of MME	-	-	-	(182,787)	(182,787)
Net gain (loss) from operations	(639,145)	(43,226)	66,931	(292,432)	(907,871)
Interest and finance charges	(3,386)	-	-	-	(3,386)
Gain (loss) on foreign exchange	44,763	-	-	(601)	44,162
Net income (loss)	(597,766)	(43,226)	66,931	(293,033)	(867,095)
Total assets	1,635,142	-	4,224,970	455,337	6,315,449
Total liabilities	2,335,036	40,728	380,758	308,037	3,064,559

					May 31, 2014
	Quantum	Provmark	CSS	MME	Total
	$	$	$	$	$
Revenue	-	-	-	-	-
Operating expenses	(278,688)	-	-	-	(278,688)
Net loss from operations	(278,688)	-	-	-	(278,688)
Interest and finance charges	(4,706)	-	-	-	(4,706)
Loss on foreign exchange	(1,945)	-	-	-	(1,945)
Net loss	(285,338)	-	-	-	(285,338)
Total assets	677,154	-	-	-	677,154
Total liabilities	385,563	-	-	-	385,563

RELATED PARTY TRANSACTIONS

As at May 31, 2015, the Company has accrued management fees payable to corporations controlled by officers and directors of the Company in the amount of $nil (May 31, 2014 - $83,701). The management fees are included in administrative expenses.

Rent paid to a corporation controlled by a director of the Company during the three months ended March 31, 2015 in the amount of $22,307 (three months ended March 31, 2014 - $33,508). The terms of the rental agreement are month to month and pricing is set at arm's length.

The subsidiary company, MME has advances due from iPowow! Canada Corp., a company indirectly controlled by the minority shareholders, in the amount of $7,773 as at March 31, 2015. The advances are non-interest bearing with no specific terms of repayment and are not expected to be repaid within one year.

MANAGEMENT COMPENSATION

Key management personnel of the Company include the Chief Executive Officer, the President, Chief Financial Officer and all members of the Board of Directors.

Key management personnel compensation:

	May 31, 2015 $	May 31, 2014 $
Management fees paid to corporations controlled by officers	92,479	93,138
Salaries and short term benefits	41,420	-
Director fees	21,147	-
Share based compensation	17,055	-

On November 21, 2013 the Board approved an asset management agreement granting Quantum International Asset Management Corp the exclusive authority to manage the undertaking, business, and affairs of the Company. Quantum International Asset Management Corp is 100% owned by two directors and officers of the Company.

Under the management agreement, the external manager is entitled to the following fees for its asset management services:

- base annual management fee calculated and payable on a monthly basis, equal to the greater of $33,333.33 and 0.1666% of the market capitalization of the Company, which market capitalization shall be determined using a 90-day volume-weighted average market price, calculated on the final day of the month in question;
- annual incentive fee calculated and payable on a monthly basis, equal to 20% of the amount, if any, by which the total distributions made by the Company to shareholders in the year in question exceeds 8% of the level of total equity capital raised (as such concept is defined in the management agreement), averaged across the year in question;
- M&A advisory fee equal to:
    - in the case of an acquisition: (i) 2.0% of the aggregate consideration payable, where the aggregated consideration payable is less than $50 million; (ii) 1.5% of the aggregate consideration payable, where the aggregated consideration payable is equal to or greater than $50 million and less than $100 million; and (iii) 1.0% of the aggregate consideration

payable, where the aggregated consideration payable is equal to or greater than $100 million; and

- in the case of a disposition of an asset provided that the total proceeds from such disposition exceed the aggregate consideration paid for such asset: (i) 0.75% of the aggregate consideration received by the Company in the event the Company retains a third party financial advisor or investment dealer; and (ii) 1.50% of the aggregate consideration received by the Company in the event the Company does not retain a third party financial advisor or investment dealer.

In the event that the management agreement is terminated, the external manager is entitled to all accrued and unpaid management, incentive and M&A advisory fees, plus a termination fee designed to compensate the external manager for the approximate quantum of fees it would otherwise have been paid during the three years following termination, provided that if the management agreement is terminated within two years of the completion of the reactivation, such three year compensatory period shall be extended to five years.

On July 20, 2015 the Company announced that it filed an amended preliminary short form prospectus amending the underwriting agreement. The amendment provides that it shall be a condition of the release of the proceeds of the offering from escrow (other than the CAD $4,000,080 which will be released to the Company on the date of the Offering) that the Company shall have acquired all of the outstanding equity securities of the External Manager from the holders thereof in exchange for an aggregate of 11,000,000 common shares (the "EM Shares") of Quantum (the "External Manager Internalization"). The External Manager Internalization will enable the Company to internalize the management services currently being provided to the Company by the External Manager under the Management Agreement. Upon the completion of the External Manager Internalization, the Management Agreement will be terminated. The EM Shares will be held by entities jointly controlled by two corporations, all of the outstanding shares of which are owned by separate trusts, the beneficiaries of which are members of the families of each of Grant White or Manu Sekhri, on a 50/50 basis, respectively. Grant White is the Chief Executive Officer and a director of the Company, and Manu Sekhri is the President and a director of the Company. The completion of the External Manager Internalization is subject to the receipt of all required regulatory approvals, including the approval of the TSX Venture Exchange, which will be conditional on the Corporation receiving the approval of a majority of the disinterested shareholders of the Corporation to the issue of the Internalization Shares (the "Internalization Shareholder Approval"). The Internalization Shareholder Approval is expected to be obtained by written consent of shareholders. Concurrent with the completion of the External Manager Internalization, each of Grant White and Manu Sekhri is expected to enter into an employment or consulting agreement with the Corporation that will provide for an annual salary payable in an amount consistent with such individual's peer comparator group, as determined by a majority of the independent directors of the Corporation, acting reasonably.

SUBSEQUENT EVENTS

16. SUBSEQUENT EVENTS

Anesthesia

On May 27, 2015, the Company announced that it has created a purpose built subsidiary, Quantum Anesthesia Management LLC., to acquire all the common shares of DA Management Corp.

DA Management Corp. is an anesthesia company with anesthesia administration contracts at all NYCSA in New York, New Jersey and the initial CSS facility in Essex County.

The Company issued 9,000,000 common shares as consideration for this transaction on July 23, 2015.

LTACH

On June 9, 2015, Quantum LTACH Holdings, LLC, the Columbus Hospital LTACH, the LTACH Seller and Richard Lipsky entered into the LTACH Purchase Agreement pursuant to which Quantum has agreed to indirectly acquire all of the LTACH Seller's membership interests in the Columbus Hospital LTACH.

The total consideration payable under the LTACH Purchase Agreement for the LTACH Acquisition is US$29,000,000 (the "LTACH Purchase Price"). The LTACH Purchase Price is payable in cash in accordance with the terms set forth in the LTACH Purchase Agreement. At the time of the LTACH Acquisition, the Columbus Hospital LTACH will have approximately US$4,000,000 of debt to Flushing Bank (the "LTACH Debt"). The LTACH Debt will be assumed on the LTACH Closing (as defined herein).

In order to provide for optimal operations during the initial year of ownership of the Columbus Hospital LTACH by the Company, the Company has entered into a one-year consulting agreement with an entity (the "LTACH Consultant") that will provide consultants possessing extensive experience in long-term acute care hospital operations to the Columbus Hospital LTACH (the "LTACH Consulting Agreement"). Pursuant to the terms of the LTACH Consulting Agreement, the Company will pay the LTACH Consultant a monthly fee of US$25,833. In addition, the LTACH Consulting Agreement provides that the Columbus Hospital LTACH shall enter into a one-year employment agreement with each member of a three member team. These employment agreements shall be renewable upon the mutual consent of the parties for up to an additional five extensions of the one-year term. The aggregate annual salary amount payable pursuant to such agreements is expected to be US$580,000. Following the expiration of the LTACH Consulting Agreement and pursuant thereto, the Company has agreed to acquire the LTACH Consultant for a purchase price equal to (i) a convertible promissory note with a face value of US$6,400,000 (the "LTACH Note") which will be convertible into a 16% membership interest in the Columbus Hospital LTACH at the option of either the holder or the Company, and (ii) a cash payment that is dependent on the EBITDA of the Columbus Hospital LTACH during the term of the LTACH Consulting Agreement. The maximum cash payment amount shall be US$22,200,000, which amount would be payable if the Columbus Hospital LTACH produces EBITDA of US$15,000,000 or greater for such one year period. Lesser cash payment amounts will be payable on a pro rata basis for a lower EBITDA result. The LTACH Note and an amount equal to US$5,400,000 will be issued and paid, as the case may be, to the LTACH Consultant concurrent with the commencement of the LTACH Consulting Agreement, which will commence concurrent with the closing of the LTACH Acquisition.

Bought deal offering

On June 17, 2015, the Company announced that it has entered into an agreement with Mackie Research Capital Corporation (“Mackie”), as lead underwriter and sole bookrunner on behalf of a syndicate, for the sale on a “bought deal” basis of 47,620,000 subscription receipts of the Company at a price of $0.42 CAD per subscription receipt for gross proceeds of $20,000,400 CAD.

As part of the bought deal offering, the underwriter agreement included a clause requiring the internalization of the external manager. On July 20, 2015 the Company announced that the external manager will be internalized in exchange of 11,000,000 common shares of the Company.

On July 28, 2015, the Company announced that it has filed the final prospectus in relation to the bought deal offering and the first tranche of proceeds of $3,080,062 was forwarded to the Company to be used for working capital purposes.

The remainder of the proceeds will be released in accordance with the release schedule, pending: (i) the

Company having secured the necessary additional debt financing required to, taking into account the net proceeds of the offering, fund the acquisition of Columbus LTACH, LLC d/b/a Columbus Hospital LTACH on terms that are satisfactory to the underwriters, acting reasonably; (ii) all conditions precedent to the closing of the acquisition of Columbus Hospital LTACH having been satisfied or waived; (iii) the Company having (a) internalized the management services provided by Quantum International Asset Management Corp., an external third party (the "External Manager"), currently provided pursuant to the management agreement dated August 28, 2014 between the Corporation and the External Manager (the "Management Agreement"), by acquiring the External Manager in exchange for the issuance of 11,000,000 Common Shares (as defined herein), on terms satisfactory to the Lead Underwriters, acting reasonably, (b) terminated the Management Agreement immediately after (a) above, and (c) caused the External Manager to terminate any employment or consulting agreement it is party to with Grant White and Manu Sekhri; (iv) receipt by the Corporation of all applicable regulatory approvals in connection with the Offering; and (v) delivery of a notice from the Lead Underwriter confirming satisfaction of all conditions to the release of the Escrowed Proceeds from Escrow.

The Subscription Receipts will be converted on a pro rata basis into one Common Share and one-half of one Warrant for each Subscription Receipt held, without payment of additional consideration or further action on the part of the holder thereof, and the corresponding amount of funds will be released to the Corporation in accordance with the following schedule (the "Release Schedule"): (i) 9,524,000 of the Subscription Receipts and an amount equal to the Offering Price per Subscription Receipt so converted immediately upon the Closing of the Offering ("Closing Offering Condition") which occurred July 28, 2015; and (ii) the balance of the Subscription Receipts and an amount equal to the Offering Price per Subscription Receipt so converted upon satisfaction of all Release Conditions. For greater clarity, funds released to the Corporation pursuant to (i) above will not form part of the Escrowed Proceeds after the date of the closing of the Offering. In the event that all Release Conditions have not been satisfied or waived prior to the earlier of (i) the date which is 90 days after the Closing Date, and (ii) the date which the Corporation advises the Underwriters in writing that the LTACH Acquisition (as defined herein) will not be completed (each a "Termination Event"), with 5:00 p.m. (Toronto time) on the date on which the Termination Event occurs being the "Termination Time"), then, on the fifth (5th) business day following the Termination Event, the Escrowed Proceeds shall be used to pay to the holders of the then-outstanding Subscription Receipts an amount equal to the Offering Price for each such Subscription Receipt held. The Subscription Receipts that remain outstanding as a result of not having been previously converted into Underlying Securities upon the satisfaction of the Closing Offering Condition, will be automatically cancelled and be of no further force and effect concurrent with the return of the Escrowed Proceeds to the holders. To the extent that such unreleased Escrowed Proceeds plus accrued interest are not sufficient to make the aforementioned payments to holders of the Subscription Receipts, the Corporation shall contribute such amounts as are necessary to satisfy any shortfall. For clarity, the Corporation shall not have any obligation to return to the former holders of Subscription Receipts any amounts on account of Subscription Receipts converted into Underlying Securities in accordance with the Release Schedule, and purchasers of Subscription Receipts will not, under any circumstances, have any claim in respect of such amounts.

Second Bridge Loan

On June 30, 2015, the Company borrowed, on an unsecured basis, US$1,000,000 from a group of lenders, two of which are controlled by an individual that owns or controls approximately 10% of the outstanding common shares of the Company (the "Second Bridge Loan"). The Second Bridge Loan is to be repaid on the earlier of (i) August 31, 2015, and (ii) the date of the closing of the bought deal offering (the “Offering”), bearing interest at a rate of 15% per annum. The Second Bridge Loan was issued at a discount to the principal amount outstanding thereunder; that is, the Company received US$1,000,000. If the Second Bridge Loan is repaid on or prior to August 3, 2015, the Company must pay US$1,025,000 to retire the loan. If such loan is repaid after August 3, 2015, the Company must pay $1,050,000 to retire the loan. The proceeds of the Second Bridge Loan together with working capital were used by the Company to advance a loan to IHS HIALEAH, LLC ("IHS"), on an unsecured basis (the "IHS Loan"). The IHS

Loan was also issued at a discount to the principal amount outstanding thereunder; that is, IHS received US$1,050,000. On maturity, IHS must pay to the Company US$1,200,000 to retire the IHS Loan. The IHS Loan is to be repaid to the Company on the earlier of (i) December 31, 2015, and (ii) 10 business days after the date that the Company delivers a notice to IHS indicating that the Company will not be exercising the IHS Option. IHS used the proceeds of the IHS Loan to advance a further US$1,000,000 to the escrow agent referred to above (the "Second Deposit") so that it may pursue the acquisition of the SE US Assets. Receipt of the additional US$1,000,000, put the escrow agent in a position to return the originally deposited US$1,000,000 to the Company, which amount will be used by the Company to repay Sprott. The escrow agent will hold the funds representing the Second Deposit as a deposit. The Company understands that IHS has entered into an agreement with the vendors for the purchase of the SE US Assets. The Company understands that IHS will seek to secure a debt financing package towards the purchase of the SE US Assets. None of IHS, any holder of a membership interest in IHS nor any officer, director or equivalent thereof of IHS is a related party of the Company. However, it is expected that a member of management of the Company will monitor the progress of IHS and consult with IHS with respect to the above. If IHS is successful in achieving all of the foregoing, the Company may exercise an option to acquire 100% IHS for US$10.00 (the "IHS Option"), which option was granted by IHS and its members to the Company at the time of the advance of the IHS Loan by the Company to IHS. In the event of the exercise of the IHS Option by the Company, it is expected that an amount of money will be advanced by the Company to IHS sufficient to fund the equity component of the purchase price for the SE US Assets. As outlined above, there are a number of threshold items that must be satisfied by IHS before the Company would be in a position to consider exercising the IHS Option and thereafter advancing additional funds to IHS, which additional funds would have to be raised by the Company in a financing transaction as the proceeds of the Offering will be required to be applied to the LTACH Acquisition. The IHS Option may not be exercised by the Company until condition (a) of the Release Conditions has been satisfied unless MRCC otherwise consents. There can be no assurance that IHS will, among other things, be able to secure a debt financing package on acceptable terms. Even in the event that IHS is able to accomplish all of the foregoing, there can be no assurance that the Company will elect to exercise the option to acquire IHS and thereafter seek to complete the acquisition of the SE US Assets, or that it would be able to secure the additional financing necessary to put it in a position to do so.

On July 28, 2015, the Company repaid the second bridge loan from proceeds of the bought deal offering.

MME

Subsequent to period ending May 31, 2015 management of Quantum has decided on reorganization of MME and its ownership structure of the subsidiary. No plan has been formalized as at the date of these financial statements.

OUTSTANDING SHARE DATA

	May 31, 2014	**February 28, 2015**	**May 31, 2015**
Common shares outstanding	25,460,105	48,522,733	67,100,233
Warrants outstanding	23,200,000	19,611,494	1,033,994
Share options outstanding	-	500,000	500,000
Total	**48,660,105**	**68,634,227**	**68,634,227**

As of July 30, 2015, there are 76,100,233 common shares issued and outstanding.

There are 1,033,994 share purchase warrants outstanding to purchase common shares at a price of $0.35 CAD at any time prior to August 28, 2016.

Authorized share capital: An unlimited number of common shares without nominal or par value.

There are 500,000 stock options outstanding issued to an executive of the Company. 166,667 of the 500,000 stock options outstanding have vested as at May 31, 2015. As part of investor relations agreement with KIN Communications, the Company has agreed to grant 400,000 stock options to the company for its services. These stock options have not been granted as of May 31, 2015.

RISK FACTORS

Risks related to the businesses and industries of the Company

General economic conditions

The Company's subsidiaries operate in the U.S. healthcare market and Canadian Media industry. The profitability of the Company is therefore dependent on favorable economic conditions to prevail in both countries for its successful operations. Decrease of employment rates in the U.S. could significantly impact potential patient population and thus can negatively impact our business.

Additional Indebtedness to Finance Acquisitions

The Company expects to incur substantial additional indebtedness in connection with LTACH and Rockland acquisitions. If the Company is unable to generate sufficient funds to meet its obligations under such additional indebtedness, it may be required to refinance, restructure or otherwise amend such obligations, sell assets or raise additional cash through the sale of equity. The Company cannot make any assurances that it would be able to obtain such refinancing on terms favourable to it or that such restructuring, sales of assets or issuances of equity can be accomplished or, if accomplished, would raise sufficient funds to meet these obligations.

Failure to Satisfy the Release Conditions or Complete the Acquisitions

As described elsewhere in this MD&A, (i) the proceeds from the offering will not be sufficient to put the Company in a position to complete the LTACH Acquisition, and (ii) the Company will require additional financing to enable it to satisfy the Release Conditions and put itself in position to complete the LTACH Acquisition. There can be no assurance that the Company will be able to secure financing in an amount or on such terms to enable it to satisfy the Release Conditions and put itself in position to complete the LTACH Acquisition. If the Company is unable to secure such financing to satisfy the Release Conditions, such conditions will not be satisfied and the LTACH Acquisition may not proceed, nor will the balance of the Subscription Receipts convert into SR Shares and Warrants.

Business risks related to operating healthcare facilities

The Company is subject to general business risks inherent in the operation of healthcare facilities, notably changes in payor mix, changes in physician and patient preference of elective surgery, changes in reimbursement by third-party payors, increases in labor costs and other operating costs, competition from or the oversupply of other similar surgical facilities, disease outbreaks and control risks, the imposition of increased taxes or new taxes, capital expenditure requirements. Moreover, there is no assurance that the performance expected to be achieved at CSS-Essex will be achieved. Any one of, or a combination of, these factors may adversely affect our business, results of operations and financial condition.

Fluctuations in revenues and payor mix

The Company's business is significantly affected by variability of payments from third-party payors, including private insurers and government healthcare programs. We are dependent on private, and governmental third-party sources of payment for the procedures performed at CSS-Essex. Our success may depend in part on our ability to attract privately insured patients. The Medicare and Medicaid programs are subject to statutory and regulatory changes, possible retroactive and prospective rate adjustments, administrative rulings, freezes and funding reductions, all of which may adversely affect our revenues and results of operations.

Net patient revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and is recognized upon performance of the patient service. In determining net patient revenue, management periodically reviews and evaluates historical payment data, payor mix and current economic conditions and adjusts, as required, the estimated collections as a percentage of gross billings in subsequent periods based on final settlements and collections. Management continues to monitor historical collections and market conditions to manage and report the effects of a change in estimates.

Key personnel

Our success depends, in part, on our ability to attract and retain quality physicians. There can be no assurance that we can continue to attract high quality physicians, facility staff and technical staff to our facilities. There can be no assurances that our current physicians will continue to practice at our facilities at their current levels, if at all. An inability to attract and retain physicians may adversely affect our business, results of operations and financial condition.

Our success also depends on the efforts and abilities of our management, as well as our ability to attract additional qualified personnel to manage operations and future growth. Also, at this time, we do not maintain any key employee life insurance policies on any management personnel or partners, but may do so in the future. The loss of a member of management, other key employee, partners or other physicians who use our facilities could have an adverse effect on our business, operating results and financial condition.

Regulatory risks

ASC’s operating in the U.S. are subject to numerous federal, state and local laws, rules and regulations. Regulations that may have the most significant effect on our business are: Licensure and Accreditation Healthcare facilities are subject to professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements imposed by Medicare, Medicaid, state licensing authorities, voluntary accrediting organizations and third-party private payors. Receipt and renewal of such licenses, certifications and accreditations are often based on inspections, surveys, audits, investigations or other reviews, some of which may require affirmative compliance actions by the ASCs that could be burdensome and expensive. We believe that the Company’s ASC is currently in material compliance with all applicable licensing, certification and accreditation requirements. However, the applicable standards may change in the future. There can be no assurance that the ASC will be able to maintain all necessary licenses or certifications in good standing or that it will not be required to incur substantial costs in doing so. The failure to maintain all necessary licenses, certifications and accreditations in good standing, or the expenditure of substantial funds to maintain them, could have an adverse effect on our business, results of operations and financial condition. Professional nurses and technical staff must also be licensed under state law. There can be no assurance that any particular physician, nurse or technical staff member who has medical staff privileges at the ASC will not have his or her license suspended or revoked by the governing body. If a license is suspended or revoked such physician, nurse or technical staff member may not be able to perform surgical procedures at the Company’s ASC, which may have an adverse affect on our operations and business.

i) Anti-Kickback Statute

The United States Medicare/Medicaid Fraud and Abuse Anti-kickback Statute (the “Anti-Kickback Statute”) prohibits “knowingly or willfully” paying money or providing remuneration of any sort in exchange for federally funded referrals. We believe that the business operations of the Company are structured to substantially comply with applicable anti-kickback laws.

ii) False Claims Legislation

Under the United States Criminal False Claims Act, individuals or entities that knowingly file false or fraudulent claims that are payable by the Medicare or Medicaid programs are subject to both criminal and civil liability. While the Company's ASC have a compliance program and policies to create a corporate culture of compliance with these laws, failure to comply could result in monetary penalties (up to three times the amount of damages), fines and/or imprisonment, which could have an adverse effect on our business, results of operations and financial condition.

iii) HIPAA

The Company's ASC is subject to the Health Insurance Portability and Accountability Act ("HIPAA"), which mandates industry standards for the exchange of protected health information, including electronic health information. While we believe that we have implemented privacy and security systems to bring us into material compliance with HIPAA, we cannot ensure that the business associates to whom we provide information will comply with HIPAA standards. In addition, because Congress continues to amend HIPAA to keep pace with evolving recordkeeping technologies, we cannot guarantee compliance with future amendments. If we, for whatever reasons, fail to comply with the standards, or any state statute that governs an individual's right to privacy that are not pre-empted by HIPAA, we could be subject to criminal penalties and civil sanctions, which could have an adverse effect on our business, financial condition and results of operations.

iv) Patient Protection and Affordable Care Act

The Company's ASC may be affected by the Patient Protection and Affordable Care Act ("PPACA"), which began taking effect June, 21, 2010. The impact on the Company's ASC remains uncertain. By mandating that residents obtain minimum levels of health insurance coverage, the PPACA has expanded the overall number of insured patients. However, it remains to be seen whether the cost born by employers of providing insurance coverage will result in a shift away from the types of policies that have historically provided the coverage that the Company has relied upon in the past. Further, the impact that value-based purchasing initiatives could have on the Company's revenues remains unclear. The Company continues to review the potential impact of PPACA's provisions on its business as the out of-network reimbursement under the policies issued by the state exchange might be substantially lower than those by the employer-sponsored polices.

Acquisition strategy and concentration risk

The Company currently operates a single ASC, CSS-Essex. Therefore, all of the risks are currently concentrated in a single facility. In order to diversify the exposure to the risks, the Company will have to execute on its strategy of growth through acquisition in various geographic markets in the U.S.

Future growth depends on the ability to locate and secure financially attractive targets that meet the acquisition strategy of the Company, as well as the ability of accessing funds through capital markets to finance the transaction. Failure to identify suitable acquisition targets and negotiate attractive consideration and acceptable financing terms my adversely affect the Company's performance.

Professional liability claims

As a healthcare provider, CSS-Essex is subject to professional liability claims both directly and vicariously through the malpractice of members of our medical staff. As a healthcare facility, CSS-Essex has direct responsibility and legal liability for the standard of care provided in its facility by its staff. The ASC has legal responsibility for the physical environment and appropriate operation of equipment used during surgical procedures. In addition, CSS-Essex has vicarious liability for the negligence of its credentialed medical staff under circumstances where it either knew or should have known of a problem leading to a patient injury. Although the ASC neither controls the practice of medicine by physicians nor have responsibility for compliance with certain regulatory and other requirements directly applicable to physicians and their services, the Company may still become subject to medical malpractice claims under various legal theories. Claims of this nature, if successful, could result in damage awards to the claimants in excess of the limits of available insurance coverage.