

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1. NAME AND ADDRESS OF ISSUER

Cloud Nine Education Group Ltd. (the "**Issuer**")
900 – 549 Howe Street
Vancouver, BC, Canada V6C 2C2

ITEM 2. DATE OF MATERIAL CHANGE

February 22, 2017

ITEM 3. NEWS RELEASE

Issued on February 23, 2017, and distributed through the facilities of Marketwired.

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Issuer announced a non-brokered private placement (the "**Private Placement**") of units ("**Units**") at a price of \$0.25 per Unit to raise gross proceeds of \$1,000,000 and the closing of the first tranche of the Private Placement.

ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE

On February 22, 2017 the Issuer closed a first tranche of the Private Placement comprised of 416,000 Units for gross proceeds of \$104,000.

Each Unit issued in the Private Placement consists of one common share and one-half of one transferrable warrant (each whole such warrant, a "**Warrant**"). Each Warrant entitles the holder to purchase one common share at \$0.50 per share for a period of 18 months from the date of issue.

Michael Hunter, an officer and director of the Issuer, participated in the Private Placement as to 208,000 Units, for settlement of an existing loan he had provided to the Company in the amount of \$52,000 (the "**Debt Settlement**"). The Units issued to Mr. Hunter were issued at the same price, and on the same terms, as the other Units offered in the Private Placement. Accordingly, the Private Placement is to that extent a related party transaction under Multilateral Instrument 61-106 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

The directors of the Issuer, excluding Mr. Hunter to the extent of his own participation in the Private Placement, determined that the Private Placement is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to the exemptions contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 as at the time the Private Placement was agreed to, neither the fair market value of the securities to be distributed in the Private Placement nor the consideration to be received for those securities, insofar as the Private Placement involves a related party, exceeded 25% of the Issuer's market capitalization.

Prior to the completion of the Private Placement, Michael Hunter held 6,800,360 common shares of the Issuer, representing 21.18% of the Issuer's then issued and outstanding common shares. On completion of the Private Placement, Mr. Hunter holds 7,008,360 common shares and 104,000 Warrants, representing 21.55% of the Issuer's outstanding common shares on a non-diluted basis or 21.80% on a partially-diluted basis assuming the exercise of Mr. Hunter's Warrants.

The Issuer did not file a material change report more than 21 days before the expected closing of the Private Placement as the details of the Private Placement and the participation therein by related parties of the Issuer were not settled until shortly prior to closing and the Issuer wished to close the first tranche of the Private Placement on an expedited basis for sound business reasons.

A copy of the Issuer's news release dated February 23, 2017 relating to the Private Placement and the Debt Settlement is attached hereto as Schedule "A".

ITEM 5.2 DISCLOSURE FOR RESTRUCTURING TRANSACTIONS

Not Applicable.

ITEM 6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not Applicable.

ITEM 7. OMITTED INFORMATION

There are no significant facts required to be disclosed herein which have been omitted.

ITEM 8. EXECUTIVE OFFICER

Contact: Michael Hunter, President and Chief Executive Officer
Telephone: +1.604.377.5572

ITEM 9. DATE OF REPORT

March 3, 2017

Schedule "A"

February 23, 2017 News Release



**NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES
OR FOR DISSEMINATION IN THE UNITED STATES**

Cloud Nine Announces Non-Brokered Private Placement, Closes First Tranche

Vancouver, B.C. – (February 23, 2017) Cloud Nine Education Group Ltd. (the “**Company**” or “**Cloud Nine**”) is pleased to announce that it is conducting a non-brokered private placement of up to 4,000,000 units at \$0.25 per unit for gross proceeds of up to \$1,000,000. The Company has already closed a first tranche of the private placement comprised of 416,000 units for gross proceeds of \$104,000.

208,000 of the units in the first tranche were issued to the Company CEO, Michael Hunter, for settlement of an existing loan he had provided to the Company in the amount of \$52,000. The units issued to Mr. Hunter were issued at the same price, and on the same terms, as the other units offered in the private placement.

The Company intends to issue up to 3,584,000 additional units, for gross proceeds of \$896,000, in subsequent tranche(s) of the private placement. Each unit will be comprised of one common share and one-half of one transferrable warrant. Each whole warrant will be exercisable to purchase one common share at \$0.50 per share for a period of 18 months from the date of issue.

Closing of subsequent tranches of the private placement are subject to all necessary regulatory and stock exchange approvals. All securities issued in connection with the private placement will be subject to a four-month hold period from the date of issue under applicable Canadian securities laws, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada.

The Company intends to use the proceeds from the private placement to meet customer demand for a young learner version of its ESL curriculum and for general working capital.

Company CEO, Michael Hunter, expanded on the reasons for the financing stating that, "The financing will help position Cloud Nine to meet its corporate objective of becoming cash flow positive in 2017. It's important that there are sufficient resources available to capitalize on the traction we've created in Latin America and reach this critical milestone in our corporate development."

Mr. Hunter's participation would be considered to be a related party transaction as defined under Multilateral Instrument 61-101 (“**MI 61-101**”). The transaction will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of any shares issued to or the consideration paid by such persons will exceed 25% of the Company's market capitalization.

About Cloud Nine

Cloud Nine is a Canadian company specializing in the development and sale of its cutting-edge Cloud Nine ESL Program. The curriculum is technologically advanced and meets the needs of

today's increasingly mobile student. Tablets replace textbooks and the course content includes instructional videos and internet links which learners use to supplement their in-class studies.

Because the curriculum is cloud hosted, content revisions are provided instantly and at no additional cost to the monthly licensing fee students pay to access the curriculum. The licensing fee provides a competitive alternative to the costs that students have traditionally been forced to endure for printed materials, which are often outdated by time students purchase them. The Company also owns and operates Cloud Nine College, an accredited ESL school located in Vancouver.

For more information regarding Cloud Nine, please contact:

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Forward-Looking Information

This press release contains statements including "forward-looking information" ("Forward-looking statements"). Forward-looking statements in this news release including statements regarding the possible completion of a private placement and the intended use of proceeds from the private placement. In making the forward-looking statements in this release, the Company has applied certain factors and assumptions that the Company believes are reasonable, including that the Company is able to obtain any required government or other regulatory approvals to complete the Company's planned private placement and operations and that the Company is able to complete the private placement. However, the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Such uncertainties and risks may include, among others, that the private placement will not complete, actual results of the Company's operations being different than those expected by management and delays in obtaining or failure to obtain required government or other regulatory approvals or financing. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on forward-looking statements. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

This news release does not constitute an offer to sell or solicitation of an offer to sell any securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.