

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Cloud Nine Education Group Ltd. (the "**Company**")
#900 - 549 Howe Street
Vancouver, BC V6C 2C2

Item 2 Date of Material Change

July 12, 2017

Item 3 News Release

A news release announcing the material change described herein was disseminated through the news dissemination services of TheNewswire on July 12, 2017.

Item 4 Summary of Material Change

The Company announced it intends to complete a non-brokered private placement of unsecured convertible debentures (the "**Private Placement**") in the principal amount of up to \$1,400,000, maturing 18 months after closing of the Private Placement.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company is pleased to announce that it intends to complete a non-brokered private placement of unsecured convertible debentures (the "**Private Placement**") in the principal amount of up to \$1,400,000 (the "**Debentures**"), maturing 18 months after closing of the Private Placement (the "**Maturity Date**"). From and after the date of issue of the Debentures until the Maturity Date, the Debentures will be convertible into common shares of Cloud Nine at the option of the holder at a conversion price of \$0.14 per share (the "Conversion Price"). Interest on the Debentures shall be paid semi-annually in arrears at an interest rate of 12% per annum.

The Company has the right to convert the Debentures into common shares of the Company at the Conversion Price in the event the closing price of the Company's common shares on the Canadian Securities Exchange (or such other stock exchange on which the Company's common shares are then listed for trading) is greater than \$0.28 (subject to adjustment for any subdivision, consolidation, merger, amalgamation, reorganization, plan of arrangement or reclassification pursuant to the Articles) for a period of 10 consecutive trading days.

The Company intends to use the proceeds from the Private Placement to pay out an existing loan which will leave assets unencumbered, and for general working capital.

Closing of the Private Placement is 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.

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

Not applicable.

Item 8 Executive Officer

Michael Hunter, President and Chief Executive Officer
Telephone: (604) 377-5572

Item 9 Date of Report

July 20, 2017