

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

**Item 1 Name and Address of Company**

Cloud Nine Education Group Ltd. (the “Company”)  
Suite 110, 668 Seymour Street  
Vancouver, BC  
V6B 3K4

**Item 2 Date of Material Change**

July 23, 2018

**Item 3 News Release**

The news release attached hereto as Schedule “A” announcing the material change described herein was disseminated through the news dissemination services of Stockwatch and Baystreet on July 23, 2018.

**Item 4 Summary of Material Change**

The Company announced the sale of its subsidiary, Cloud Nine College Ltd., and completion of a non-brokered private placement financing.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

Please see the news release attached as Schedule “A” for a full description of the material change.

**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**

Allan Larmour  
President and Chief Executive Officer  
Telephone: (778) 240-7724

**Item 9 Date of Report**

July 24, 2018



***/NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES/***

## **Cloud Nine Education Group Ltd. Announces Sale of Shares of Subsidiary and Completion of Private Placement Financing**

**Vancouver, B.C. – (July 23, 2018) Cloud Nine Education Group Ltd.** (the “**Company**” or “**Cloud Nine**”) (CSE: CNI) announces the execution of a definitive share purchase agreement dated July 19, 2018 (the “**Share Purchase Agreement**”), between the Company with its direct wholly-owned subsidiary, BHR Capital Corp. (“**BHR**”), Peter Lee as the person who operates Cloud Nine College, as hereafter defined, and 1166338 B.C. Ltd. (the “**Purchaser**”)(the “**Share Purchase Agreement**”), pursuant to which the Purchaser has acquired all of the issued and outstanding shares in the capital of Cloud Nine College Ltd. (“**Cloud Nine College**”)(the “**Shares**”), which had been directly held by BHR. Cloud Nine College is a government accredited ESL school located in Vancouver, Canada, providing courses in General English, Business English and IELTS Test Preparation.

In exchange for the Shares, the Purchaser has made a cash payment of \$750,000 to the Company and committed a further \$250,000 as an equity investment into the Company – please see *Private Placement* below.

The Share Purchase Agreement contains standard representations, warranties, indemnities and covenants for transactions of this nature. Further, in connection with the Share Purchase Agreement, the Company has paid an agent, Suntec Holdings Corp, an unrelated party to the issuer, an agent’s cash commission fee of \$37,500.

“The disposition by the Company of Cloud Nine College excludes the Company’s proprietary, digitally based ESL curriculum called the “Cloud Nine ESL Program” and permits the Company to continue the realignment of its business strategy to focus on its Cloud Nine ESL program and to reduce outstanding liabilities,” stated Mr. Larmour, President and Chief Executive Officer of Cloud Nine. “Cloud Nine College will continue to be a close partner with the Company and its cloud-based digital curriculum.”

### *Private Placement*

The Company also announces it has closed a non-brokered private placement with the issuance of 2,500,000 common shares (each, a “**Share**”) at a price of \$0.10 per Share for gross proceeds of \$250,000 (the “**Private Placement**”). A further 125,000 common shares were issued, each at a deemed value of \$0.10, in order to settle \$12,500 in bona fide debt (the “**Debt Settlement**”).

In connection with the Private Placement, the Company paid a finder’s fee consisting of 250,000 common shares.

All securities issued pursuant to the Private Placement and Debt Settlement are subject to a statutory hold period of four months from the date of issuance, in accordance with applicable securities legislation, expiring November 20, 2018. Net proceeds from the Private Placement will be used for working capital and general corporate purposes.



The securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States or to, or for the account or benefit of, any U.S. Person, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**About Cloud Nine Education Group Ltd.**

The Company specializes in the development and sale of cutting edge curriculums for non-native English speakers. Courses are cloud-hosted and technologically advanced. Textbooks are primarily replaced with smartphones and tablets which better meet the needs of today's highly mobile student base. Links to the internet and custom-made videos are embedded in the curriculum's core content to create a dynamic and interactive platform.

**On Behalf of the Board of Cloud Nine Education Group Ltd.**

*"Allan Larmour"*

President and Chief Executive Officer

**For more information regarding Cloud Nine, please contact:**

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Investor Relations  
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[psearle@c9eg.com](mailto:psearle@c9eg.com)

**Forward-Looking Statements**

Certain information in this news release constitutes forward-looking statements under applicable securities law. In particular, without limiting the generality of the foregoing, this news release contains forward-looking information regarding how the proceeds from the Private Placement will be used by the Company. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "anticipate", "believe", "estimate", "expect", "plan", "intend", "may", "should", "seek" or similar words suggesting future outcomes or outlooks on, without limitation, estimates of business activity, supply and demand for the Company's products, the estimated amounts and timing of capital expenditures, anticipated future debt levels, or other expectations, beliefs, plans, objectives, assumptions or statements about future events or performance.

Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that may cause actual future results to differ materially from those contemplated and contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur.



These factors include, but are not limited to: risks associated with technological changes, the ability to protect, maintain and enforce intellectual property rights, the building of brand awareness, the success or failure of marketing strategies, the availability of financing opportunities, the speculative and competitive nature of the education sector, loss of markets, competition, development of new products, regulatory developments and the regulatory environments in which the Company operates, and Cloud Nine's anticipation of and success in managing the risks implied by the foregoing. The Company cautions that the foregoing list of important factors is not exhaustive. The Company believes that the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be. The forward-looking statements in this report speak only as of the date of this report. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities legislation. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.