CLOUD NINE WEB3 TECHNOLOGIES INC.

(Formerly Cloud Nine Education Group Ltd.)

Management's Discussion and Analysis

For the three and six months ended March 31, 2021

Management's Discussion & Analysis

The management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Cloud Nine Web3 Technologies Inc. (the "Company" or "Cloud Nine") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended March 31, 2021. The MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended March 31, 2021, and the notes related thereto (the "Interim Financial Statements") and the annual audited consolidated financial statements for the year ended September 30, 2020. A copy of the Interim and Annual Financial Statements is posted on the SEDAR website, www.sedar.com.

The Interim Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). All information in this MD&A is current as of May 20, 2021, unless otherwise indicated. All dollar figures are expressed Canadian dollars unless otherwise noted.

Management is responsible for the information contained in this MD&A and its consistency with information presented to the Audit Committee and Board of Directors. The Interim Financial Statements and MD&A have been reviewed by the Company's Audit Committee and approved by the Board of Directors on May 20, 2021.

This MD&A may contain forward-looking statements and should be read in conjunction with the cautionary statement on forward-looking statements at the end of this MD&A. These forward-looking statements are based on assumptions and judgments of management regarding events or results that may prove to be inaccurate resulting from risk factors beyond its control. Actual results may differ materially from the expected results.

Company Overview

The Company's principal business is the continued development, marketing and sale of its interactive and proprietary Cloud Nine Education Platform. The Company will integrate this existing platform with the recently acquired development stage assets including the "Limitless Technologies" brand, Next Decentrum Ed-Tech platform, virtual private network (VPN) platform and related decentralized storage technologies. This premiere platform will target the education and stay-at-home sectors with selective learning modules, critical information related to the cybersecurity, crypto and blockchain sectors. Cloud Nine's EdTech Platform is designed to provide users with easy and simple guides to Cybersecurity, Wearable Technologies, Blockchain Technology, Crypto Currencies and Decentralized Finance (DeFi).

The Company retained ARI LLC, an independent systems and programming firm, to develop and update Cloud Nine's Ed-Tech platform. This includes content design, data centre hosting, software development and security auditing. Cloud Nine also retained Bluzelle networks Pte Ltd. for specialized Web3 development services in connection with the development and enhancement of Cloud Nine's education platform. Bluzelle shall oversee the expanded Cloud Nine development team. Further development will be made related to the following:

- Creation of a global assessment platform to provide services for storing and managing degree information. Applying specific security technology to store degrees. The Web3 ledger is intended to match all kinds of educational information with the user's unique ID. It is intended to include learning behavior in class, micro academic project experience, and macro educational background, etc.

- Capacity-currency transformation bank. Web3 learning ledger to record detailed information about the users' learning experience and follows the development of their knowledge and skills. This information can be stored on a Web3 network according to a series of comprehensive standards. Students will gain rewards through their efforts on studies, which is called "learning is earning".

- AirbnbTM for file storage. As learners and education institutions store more data, DLT cloud storage could offer safer and potentially cheaper alternatives. This includes E-books and textbook consolidation in one place across the planet.

The Company intends to finalize development of the assets and incorporate monetization and integration strategies with Cloud Nine's pre-existing platform to build out new and efficient ways of educating and furthering user experience in the world of Web 3.0. Cloud Nine will leverage the latest technology to deliver products and services for an open and more secure internet and innovations that change the way the world manages information, analyzes data, purchases and consumes goods and communicates across the globe. Cloud Nine anticipates it will incur a further $0.5 million in development to advance the platform to the beta testing phase and hopes to offer a finished product on or before Q3 2021.

Significant Events and other Corporate Developments Subsequent to the Quarter

The following is a summary of significant events and transactions that occurred subsequent to March 31, 2020:

Financings

In May 2021, the Company closed a non-brokered private placement of 1,091,155 units at $1.37 per unit for gross proceeds of $1,494,882. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of $1.75 per share for a period of one year from the date of issuance subject to accelerated expiry if the shares trade at $2.50 for ten consecutive days.

The net proceeds of the Offering will be used for working capital, software development and general corporate purposes.

Officer Appointment

Effective April 1, 2021, Mr. Sefton Fincham was appointed as President of the Company. Former President, Allan Larmour, remains a director and CEO of the Company.

Advisory Board Appointments

Effective May 11, 2021, Shin-Young Park was appointed as Cloud Nine's Strategic Advisor. Shin-Young Park is the CEO of Wepay Korea, a private company engaged in the development, distribution and support of various platforms including Payment Gateway (PG) settlement platforms.

Effective May 18, 2021, Richard Oh, a former executive at PayPal Asia, and Eric Sim, CEO of GLOCONTECH, were appointed as Strategic Advisors of Cloud Nine.

Other Corporate Update

On April 20, 2021, the Company entered into a strategic partnership with Next Decentum Technologies Inc. ("Next Decentrum"), a technology startup focused on education and emerging technologies. Next Decentrum designs and builds dynamic, relevant, and human-led emerging tech education content and software, inspired by the modern theories of continuous innovations, lean thinking, and agile development.

Significant Events and Corporate Developments During the Quarter

The following is a summary of significant events and transactions that occurred during the three months ended March 31, 2021:

Education Technology Platform

On March 5, 2021, Cloud Nine released its new education technology platform. This premiere platform targets the education and stay-at-home sectors with selective learning modules and critical information related to the cybersecurity, crypto and blockchain sectors.

Cloud Nine's EdTech Platform is designed to provide users with easy and simple guides to Cybersecurity, Wearable Technologies, Blockchain Technology, Crypto Currencies and Decentralized Finance (DeFi).

Powered by Cloud Nine, the new education platform is an important milestone, and all stakeholders are encouraged to register and participate in the future of online education and emerging technology. The new website is Cloud9Web3.com

On March 25, 2021, Cloud Nine partnered with Next Decentrum Technologies Inc. and released "The Quick & Dirty Guide to NFTs", the only blockchain guide giving you full historical context in bite-sized information with visually stunning graphics. It is designed to help those interested to learn blockchain in an afternoon without spending countless hours deciphering tech jargon (available at Cloud9Web3.com/Register).

Acquisition

The Company acquired certain intellectual property assets from Victory Square Technologies Inc. ("Victory Square") related to a development stage VPN platform and other IP assets pursuant to an asset purchase agreement dated March 15, 2021 (the "Acquisition"). In consideration for the Acquisition, the Company issued 4,411,765 common shares at a deemed issue price of $1.36 per common share for a deemed purchase price of $6,000,000. In addition, the Company paid a finder's fee of $300,000 related to the Acquisition.

The Company acquired the development stage assets, the "Limitless Technologies" brand, Next Decentrum Ed-Tech platform, virtual private network (VPN) platform and related decentralized storage technologies (the "IP Assets"). Victory Square acquired the platform and further developed it over a period of 3 years at a cost of approximately $3.2 million.

Financings

The Company raised an aggregate of $4,033,792 through the following debt and equity financings:

(1) In February 2021, the Company closed a non-brokered private placement of an aggregate of 9,447,3047 units at a price of $0.30 per unit for aggregate gross proceeds of $2,834,192 (the "Offering"). Each unit consisted of one common share and one-half of one transferable common share purchase warrant of the Company. Each whole warrant is exercisable into one common share at a price of $0.75 per share for a period of one year from the date of closing of the Offering.

(2) On January 18, 2021, the Company closed a non-brokered private placement of a one year secured convertible debentures (the "Debentures") in the principal amount of $1,199,600. The Debentures bear interest at 5% per annum, payable on maturity.

The principal amount is convertible into units of the Company at a price of $0.06 per unit, where each unit is comprised of one common share and one transferable share purchase warrant of the Company. Each warrant is exercisable into one additional common share at a price of $0.07 per share for a period of two years from the date of conversion. The Debentures are secured by a charge over all the assets of the Company.

The net proceeds from the aforementioned financings will be used to fund working capital, strategic partnerships and acquisitions and other potential investment opportunities.

Director and Officer Appointments

Effective February 9, 2021, Mr. Kant Trivedi was appointed as an independent director of the Company.

Effective February 15, 2021, Nilda Rivera was appointed as the Company's new Chief Financial Officer. Ms. Rivera replaced Mr. Kulwant Sandher who remains a director of the Company.

Advisory Board Appointments

Effective March 30, 2021, Hussein Hallak was appointed as Cloud Nine's Strategic Advisor. Mr. Hallak is the CEO and founder of Unleashed Ventures Inc., a venture capital and private equity firm in Vancouver, BC.

Effective March 24, 2021, the Company appointed Shafin Diamond Tejani, Victory Square's founder and CEO, as Cloud Nine's Strategic Advisor.

Effective March 8, 2021, the Company appointed Blockchain expert, Pavel Bains, CEO and co-founder of Bluzelle Networks Pte. Ltd., as a Strategic Advisor.

Listing

In March 2021, the Company's common shares commenced trading on the Frankfurt Stock Exchange under the ticker symbol "1JI0", and Cloud Nine was assigned an International Securities Identification Number (ISIN: CA18913C1014) and a German Securities Identification Number (WKN: A2QQ2V).

Other Corporate Updates

On March 3, 2021, Cloud Nine retained Bluzelle Networks Pte Ltd. for specialized Web3 development services to oversee the expanded Cloud Nine development team to focus on the creation of global assessment platform to provide services for storing and managing degree information, capacity-currency transformation bank and Airbnb™ for file storage.

On March 1, 2021, Cloud Nine entered into an agreement with ARI LLC, an independent systems and programming firm, to enhance and develop the IP Assets. This includes content design, data centre hosting, software development and security auditing.

Results of Operations

During the three months ended March 31, 2021, the Company incurred a net loss of $1,839,406 compared to $83,415 for the corresponding period in 2020. The overall increase in net loss was attributed to increased corporate activity in the current period related to corporate reorganization, asset acquisitions and financings.

Expenses

Advertising and promotion of $420,611 during the three and six months ended March 31, 2021, included advertising and publication costs to create and increase public awareness of Cloud Nine's activities, strategic plans and investment opportunities. The Company retained a news media consulting firm with respect to news media feature articles and article coverages to generate exposure and presence within the public markets. No such expenses were recorded in the prior periods.

Consulting fees increased by $423,580 and $208,887 during the three and six months ended March 31, 2021, due to various fees related to business development services, due diligence activities, strategic capital markets advisory services and corporate strategic financing consulting. Consulting expenses of $218,693 during the six months ended March 31, 2020 primarily related to strategic capital markets advisory services.

Investor and public relations increased by $229,311 and $217,202 during the three and six months ended March 31, 2021, respectively. The increase was primarily attributable to various initiatives undertaken by the Company to market to existing shareholders and potential investors, its financing activities and communicate its plans for growth which included the recent IP assets acquisition. Cloud Nine also retained the services of newswire companies to increase brand awareness and online visibility through press release distributions.

Marketing expenses of $446,317 during the three and six months ended March 31, 2021, included marketing campaigns and key branding initiatives which featured a complete rebranding of the Company including a name change, Cloud Nine corporate identity, new website, logos and banners and other new promotional and corporate presentation materials.

Office expenses of $42,839 during the three and six months ended March 31, 2021, included shared office costs, rent and office expenses related to staff hiring and other general expenses as a result of the Company's reorganization.

Professional fees increased by $57,853 and $58,337 during the three and six months ended March 31, 2021, due to increased corporate activities related to acquisitions, due diligence, financings and various negotiations with third parties related to potential acquisitions and investments.

<u>Other Items</u>

Finance costs during the three and six months ended March 31, 2021, included interest and accretion expenses of $44,044 and $53,741, respectively (three and six months ended March 31, 2020 - $7,609 and $15,302) relating to promissory notes and convertible loans.

During the three and six months ended March 31, 2021, the Company recorded a government grant of $(7,804) and $4,249 (three and six months ended March 31, 2020 - $Nil) related to a $20,000 interest free loan received during the period from the Government of Canada under the CEBA Covid – 19 relief loan. The amount represents the difference between the loan proceeds received and the carrying value of the loan measured at fair value using the Company's incremental borrowing rate of 12% per annum.

Other income of $83,369 during the three and six months ended March 31, 2021, included gains on settlement of payables.

Summary of Quarterly Results

The following table sets forth selected financial information of the Company for each of the last eight quarters:

Three Months Ended	Mar 2021(1)	Dec 2020	Sep 2020	Jun 2020	Mar 2020	Dec 2019	Sep 2019	Jun 2019
	$	$	$	$	$	$	$	$
Expenses	1,870,309	10,238	25,526	13,165	58,810	344,457	90,799	220,219
Net loss	(1,839,406)	(24,574)	(38,574)	(37,793)	(83,414)	(349,821)	(144,978)	(244,932)
Loss per common share	0.05	0.00	0.00	0.00	0.00	0.02	0.01	0.01

(1) Higher expenditures and net loss due to higher advertising and promotion, consulting, investor relations and marketing costs of $1,523,819 incurred by Cloud Nine during the period, as well as higher other expenses due to increased corporate activity.

Liquidity and Capital Resources

The Company manages liquidity risk by ensuring, as far as reasonably possible, that it has sufficient capital to meet working capital and operating requirements as well as its financial obligations and commitments. The Company has historically financed its operations and met its capital requirements primarily through debt and equity financings.

As of March 31, 2021, the Company had working capital of $2,627,173 (September 30, 2020 – deficit of $791,652) and cash of $3,010,982. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued financial support of its creditors and the shareholders. There can be no assurance that funding from this or other sources will be sufficient in the future to continue its operations. Even if the Cloud Nine is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Company. Failure to obtain such financing on a timely basis could cause the Company to reduce or terminate its operations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The increase in working capital of $3,418,825 was primarily due to debt and equity financings carried out during the period. Net cash on hand increased by $3,008,445 as at March 31, 2021 due to cash inflows from financing activities of

$5,982,227 offset by cash used for operating activities of $2,594,528 and cash outflows for investing activities of $379,254.

Operating Activities

For the six months ended March 31, 2021, cash flow used for operating activities was $2,594,528 compared to $243,520 for the six months ended March 31, 2020. The increase in cash flow used for operations of $2,351,008 was primarily attributable to the cash used to finance working capital of $979,399 and higher expenditures during the period of $1,371,609.

Investing Activities

For the six months ended March 31, 2021, the Company had net cash outflows relating to investing activities of $379,254 as compared to $Nil for the six months ended March 31, 2020. Investing activities during the period relate to software development costs of $75,000, finder's fee of $300,000 related to the acquisition of IP Assets and a purchase of a computer of $4,254.

Financing Activities

Cash provided by financing activities for the six months ended March 31, 2021, were $5,982,227 compared to $13,650 for the six months March 31, 2020. The increase in cash was mainly due to cash of $1,185,409 generated from the issuance of convertible debentures, $2,834,192 from unit offerings and $2,095,973 from exercise of stock options and warrants.

During the period, the Company secured an additional loan of $20,000 from the Government of Canada under the Canada Emergency Business Account ("CEBA") Covid-19 relief loan. The CEBA loan is interest free and matures on December 31, 2022.

Subsequent to March 31, 2021, the Company raised an aggregate of $1,494,882 through equity financings. See "Significant Events and other Corporate Developments Subsequent to the Quarter - Financing" on page 3. This capital raise provides the Company with sufficient cash to meet all of its anticipated obligations and business objectives for the next twelve months.

Contractual Obligations

A summary of the Company's contractual obligations which outlines the year the payments are due is as follows:

	Total	< 1 year	1 – 3 years	3 – 5 years
	$	$	$	$
Accounts payable and accrued liabilities	280,364	280,364	-	-
Loans and borrowings	362,532	139,500	223,032	
Convertible debentures	845,270	845,270	-	-
	1,488,165	1,265,133	223,032	-

Management is committed to raising additional capital to meet its financial obligations and commitments, fund its operations, growth initiatives and capital expenditures. Subsequent to March 31, 2021, the Company raised an aggregate of $1,494,882. The Company's current capital resources will be sufficient to meet all anticipated obligations for the next twelve months

Capital Disclosure

The Company considers its capital structure to include net residual equity of all assets, less liabilities. Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at March 31, 2021, the Company's shareholders' equity was $7,514,809 (September 30, 2020 - $(933,553)) and it had current liabilities of $1,283,273 (September 30, 2020 - $794,190). Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

To achieve this objective, management adjusts its capital resources to respond to changes in economic conditions and risk characteristics of the underlying assets. The capital resources used for operations were mainly from loans and borrowings and proceeds from the issuance of common shares.

Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as at March 31, 2021, and as at the date of this MD&A, that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Transactions with Related Parties

During the three months ended March 31, 2021, compensation to key management personnel included professional fees of $9,390 (2020 - $13,125), salary of $23,077 (2020 - nil) and share-based compensation of $Nil (2020 - $9,875).

As at March 31, 2021, included in accounts payable and accrued liabilities were $50,000 (September 30, 2020 - $22,100) due to directors and an officer of the Company for professional fees and salaries.

As at March 31, 2021, included in loans and borrowings were $126,000 (September 30, 2020 - 126,000) due to a director and a former director of the Company pursuant to unsecured promissory notes. Of this amount, $26,000 plus accrued interest has been paid subsequent to March 31, 2021.

All related party transactions were in the ordinary course of business and were conducted on terms substantially similar to arm's length transactions.

Critical Accounting Estimates

The preparation of the Company's Interim Financial Statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Refer to note 2 to the 2020 Annual Audited Financial Statements of the Company for a detailed discussion of the areas in which critical accounting estimates were made and where actual results may differ from the estimates under different assumptions and conditions that may materially affect financial results of the Company's statement of financial position reported in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

New Accounting Pronouncements

The following IFRS standard has been recently issued by the IASB. Pronouncements that are not expected to have a significant impact have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments to IAS 1 clarify the requirements relating to determining whether a liability should be presented as current or non-current in the statement of financial position. Under the new requirements, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Financial instruments are measured at either fair value or amortized cost. The carrying values of cash and accounts payables accrued liabilities at amortized cost approximate their fair values due to their short-term nature.

The fair value of marketable securities through other comprehensive income is based closing market price of common shares as of the measurement date.

The carrying values of convertible debentures and loans and borrowings are discounted at the effective interest rate which approximates fair value. The fair value of convertible debentures includes the debt and equity components. During the period, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

Financial Instruments Risk

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(1) Credit Risk

Credit risk is the risk of a potential loss to the Company associated with a counterparty's inability to fulfill its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and sundry receivable. The risk for cash and cash equivalents balances are mitigated by holding these instruments with highly rated and reputable Canadian financial institutions. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivable is remote.

(2) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at March 31, 2021, the Company had a working capital of $2,627,173 (as at September 30, 2020 – deficiency of $791,652). The Company is currently actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures. There is no assurance that the Company will be successful in these initiatives. As of the date hereof, the Company has no commitments for capital expenditures. Accounts payable and accrued liabilities are due within 90 days and loans and borrowings mature within 1 to 3 years.

Subsequent to March 31, 2021, the Company closed debt and equity financings for gross proceeds of $1,494,882. This capital raise provides the Company with sufficient cash to support its ongoing operations, growth initiatives and contractual obligations.

(3) Market risk

Market risk is the risk that changes in the market related factors, such as interest rates and market prices, which will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at March 31, 2021, the Company did not have any financial instruments subject to significant interest rate risk.

(b) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's marketable securities and investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of marketable securities and derivatives held in publicly traded entities are based on quoted market prices which the shares of the investments can be exchanged for. As at March 31, 2021, the Company did not have any financial instruments subject to significant price risk.

Other Risks and Uncertainties

(1) Future Financing Risk

The Company is in the early stages of business and has not generated a significant amount of revenue. The Company will likely operate at a loss until its business becomes established and the Company may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional shares, control may change and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operations.

(2) Going-Concern Risk

The Company's Financial Statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The Financial Statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

(3) Technology Risk

The Company's products and services are partially dependent upon advanced technologies which are susceptible to rapid technological changes. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete as a result of, such technological changes. Further, some of the Company's services and products are currently under development and there can be no assurance that the Company's development efforts will result in viable results as conceived by the Company or at all.

There is a risk that technologies similar to the Company's Cloud Nine Curriculum could reach the market before its own; that similar products may be developed after the Cloud Nine Curriculum which may include features more appealing to customers; and that other products competing with the Company's Cloud Nine Curriculum may use advanced technology not yet incorporated in the Company's Cloud Nine Curriculum. There is also a risk that certain consumers may not accept or adopt the Company's Cloud Nine Curriculum. The occurrence of any of these events could negatively impact the level of interest generated in the Cloud Nine Curriculum and thus limit the potential revenues to be generated by the Cloud Nine Curriculum.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had the following issued and outstanding securities:

Description of securities	Number of securities
Issued and outstanding common shares	50,312,320
Warrants	9,027,028
Stock options	710,000
Convertible debentures	15,258,333
	75,307,681

Controls and Procedures

In connection with National Instrument 52-109 ("NI 52-109"), the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Interim Financial Statements and accompanying MD&A as at March 31, 2021 (together the "Interim Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture companies are not required to provide representations in the Interim Filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "forward-looking statements") within the meaning of applicable Canadian securities legislation.

All statements that address activities, events or developments that Cloud Nine expects or anticipates will, or may, occur in the future, including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities and operating performance. In some cases, forward-looking statements are preceded by, followed by or include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "proposes", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking information is based on certain key expectations and assumptions made by the management of Cloud Nine, including, but not limited to, (i) expectations regarding whether the Acquisition will be consummated, including whether conditions to the consummation of the Acquisition will be satisfied including, but not limited to, the necessary board and regulatory approvals; (ii) the timing associated with entering into a share purchase agreement and the terms and conditions therein; (iii) the timing for completing the Acquisition, if at all; (iv) the business plans and expectations of the Company; (v) execution of business strategy; (vi) future performance and future growth; (vii) completion of the proposed Offering and use of proceeds; (viii) the ability to secure further financing; and (ix) expectations for other economic, business and competitive factors.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflect the Company's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the management of Cloud Nine believes that the assumptions made and the expectations represented by such statements are reasonable, there can be no assurance that a forward-looking statement herein will prove to be accurate. Actual results and developments may differ materially from those contemplated by these statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Cloud Nine to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others: risks related to the Company's business, financial position, financial performance, and cash flows; the impact on the business of broader economic factors; Cloud Nine's limited operating history and needs for additional capital; uncertainty relating to liquidity and capital requirements; risks inherent in Cloud Nine's acquisition strategy; Cloud Nine may not be able to obtain financing necessary to implement Cloud Nine's business plan; reliance on key management; and compliance with financial reporting and other requirements as a public company. Additional risks and uncertainties applicable to the Company, as well as trends identified by the Company affecting it can be found in the Company's continuous disclosure record available on Sedar. Although Cloud Nine has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, or intended.

Such cautionary statements qualify all forward-looking statements made in this MD&A. Except as required by law, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Neither the Company nor any of its representatives make any representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of the information in this MD&A. Neither the Company nor any of its representatives shall have any liability whatsoever, under contract, tort, trust or otherwise, to the reader or any person resulting from the use of the information in this MD&A by the reader or its representatives or for omissions from the information in this MD&A.